

Capitalism at the End of the Century

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A collection by well-known Soviet economists, philosophers, historians, sociologists, and journalists, summing up some of the results of the capitalist world's development in the 20th century and offering a turn-of-the-century perspective.

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Translated from the Russian by *Jane Sayer* and *Yuri Sdobnikov*
Designed by *Alexei Lisitsyn*

Edited by A.N. Yakovlev, Corresponding Member of the USSR Academy of Sciences

Contributors: A. N. Yakovlev, A.V. Anikin, G.A. Borovik, Ye.V. Bugrov, R.M. Entov, R.A. Faramazyan, I.T. Frolov, A.A. Galkin, L.M. Gromov, I.Ye. Guriev, N.D. Ivanov, A.A. Kokoshin, Yu. A. Krasin, V.A. Martynov, G.I. Mirsky, Yu.F. Oleshchuk, Yu.K. Ostrovityanov, V.F. Petrovsky, E.P. Pletnyov, V.V. Rymalov, G.Kh. Shakhnazarov, A.I. Shapiro, V.V. Zagladin, L.I. Zonova (Sec.)

The following research associates at the Institute of World Economics and International Relations of the USSR Academy of Sciences (IWEIR) took part in preparing the MS for publication:

Ye.A. Biryukova, N.N. Chekhunova, S.A. Kocharyan, T.M. Krasnopolskaya, L.V. Maximova, V.D. Milovidov, Yu.K. Osipov, T.M. Pyatenko and M.Yu. Tuul.

Some of the ancillary scientific material was prepared by a group led by M.A. Portnoi (Informatic Department, IWEIR).

The Statistical data for the graphs and diagrams were prepared by B.M. Bolutin (IWEIR).

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NEW REALITIES AND THE FUTURE OF MANKIND

(In Lieu of an Introduction)

The historical horizon of the turn of the 20th and 21st centuries is mostly a symbolical event, *non plus ultra*, yet it still makes us stop, and plunge in thought. It is not long till people will be saying: "That was in the 20th century", a century of rapid social changes, revolutions and wars, of impetuous scientific and technological progress. It has been a century in which a new social system—socialism—has taken shape and developed, offering a real alternative to bourgeois civilisation; a century of the comprehensive and deepening crisis of capitalism, which continues to bring mankind wars, suffering, starvation and spiritual emptiness. Its crisis is evident, but the system still retains resources for survival. It has been a century in which the colonial system has disappeared from the Earth, and nuclear weapons capable of destroying civilisation itself have appeared, active use being made of this fact by the ruling circles of imperialism to blackmail mankind.

The century has been permeated to an unprecedented degree by deep and fundamental shifts in the productive forces, social organisation and man's cognitive possibilities. The 20th century has raised before civilisation probably the most difficult question, requiring a direct and honest answer: what are the long-term consequences of the actions of people, governments, parties, mass movements, workers and peasants, scholars and writers, when, at the end of the 20th century, the chief problem for all mankind has been placed on the agenda—that of life and death.

The world is not, of course, stationary. All its component parts are evolving, both material and intellectual, man's practical possibilities and his intellectual horizon, social structures and international relations. Some are evolving more slowly, others faster, but in any case the progressive, revolutionary forces of the age are striving to bring social practice into optimum correspondence with social benefit and social consciousness. The realities of the end of the current century are such that world social relations burdened by the threat of nuclear annihilation, as well as the rapid develop-

ment of scientific and technological thought and techniques, moulding, as it were, mankind into an integral whole, into an interconnected and interdependent organism, have necessitated new thinking, new approaches, rejection of outdated dogmas and stereotypes, harmful traditions and prejudices.

Proceeding from the Marxist-Leninist analysis of the new conditions of world development and its component parts, the *27th Congress of the CPSU presented a realistic picture of the world today and drew conclusions corresponding to the drastically changed situation*. Mikhail Gorbachev's Political Report to the Congress put forward fundamental propositions of a political and theoretical character arising both from the situation that has taken shape in the world and from the tasks facing all forces of progress and democracy. Two theses may be identified as *special* ones in the creative analysis of the contradictions and trends in world development. These are, first, the thesis of the *dialectical integrity of the world, its growing interconnections, the interdependence between the processes taking place in it and the fate of countries and people*. The second is that concerning the need for new political thinking in the nuclear age. These two precepts go back ideologically and morally to the deepest traditions of communism as a social movement, the traditions of continuous and bold search, of a creative attitude to life.

When philosophy ceases only to observe or even just explain the world and begins to take an active part in its transformation, its categories become political ones. The dialectics of real life lie in its complex, contradictory character, in the fact that the contradictions of social development and progress cannot be artificially sorted onto shelves, however capacious these might be. To seek new, non-standard ways and means of managing the vital activities of society, rethinking the seemingly already known and familiar, and revealing additional features and qualities of it, dictated by the times and the course of events—this is a constant demand of, and condition for, effective policy.

There are more than enough examples of the dialectics of life, and these were presented at the Congress. Human genius and man's labour have created unprecedented production opportunities, but they are also capable of destroying civilisation. Man is armed with knowledge and weapons that would allow him to wipe out hunger in the world today, but the social conditions in a substantial part of the world prevent this. All the material preconditions are available for waging an immediate battle against poverty, backwardness, and disease, but the burden of outdated ideas and social orders here constitute an obstacle that is extremely difficult to surmount.

The first step in any direction, including along the longest and most difficult path, is made in man's consciousness. The new political thinking that the Congress of Soviet Communists indicated was needed and for which it called, is becoming, in the eyes of people today, just such a first step and is acquiring material force.

The new thinking is rightly identified primarily with questions

of international security, with eliminating the constant threat of a nuclear war, of the senseless and increasingly dangerous arms race, with the search for non-trivial approaches, bold and far-sighted solutions. The new political thinking is not confined to just this, however. The movement of social forces, the forces of history, cannot be halted, and this must be recognised in theory, in practice and in policies. The problems of man and mankind are resolved primarily by labour and creation, certainly not by force, especially military. Practical conclusions must also be drawn from this. The Earth's resources are not infinite, so today extreme care must already be taken in their use. The new political thinking means awareness on the part of people who think and act in a mature manner and realise their own might, and in whose interests, for what purposes and in what forms this might is used, and what fruits it may bring. It is the end of the age of the egoistic interests that were cultivated for centuries on the basis of the private-property system.

This thinking is, however, called new precisely because it is only just beginning to consolidate itself in international and interstate relations. It faces many obstacles in its path, the main one being imperialism, with its cult of brute force and egoistic morals, with its readiness to risk anything, including all mankind, for the sake of its own privileges.

The goal of the study is to determine the potential of modern capitalism as the chief obstacle to socialist liberation and renewal, to progress. The authors strive to provide a multifaceted picture of the world today. Since the study is comprehensive in character, scholars in various fields have taken part in it—economists and philosophers, historians and sociologists.

The capitalist system has created and is continuing to create many material and intellectual values. It is still able to hold back the development of trends and phenomena of its collapse at one stage or another. Its final demise is, however, inevitable. The laws of history are inexorable. Communists believe that the source of the inevitable transition to a new type of civilisation is to be found within every society and not outside it. The bourgeois civilisation is to be replaced by one of a higher type—the communist, socialism being a stage in its establishment. This objective law, which has become a reality, increases the fear felt by the ruling forces of imperialism in the face of the impending disappearance of the system that has so conscientiously and successfully served the interests of the rich, self-seeking minority. Imperialism is resorting more and more frequently to self-preservation by using force, but nuclear weapons have changed the situation fundamentally, and this restrains imperialism from making the fatal step from political confrontation to nuclear war. It is becoming increasingly understood that a nuclear war would mean the end of mankind, its hopes and aspirations, kindness and genius, everything that is life.

In the context of the preliminary results of the development of bourgeois society in the 20th century, an active discussion is still going on concerning how capitalism at the end of the century

differs from that at the beginning and in the middle of it; how serious and justified are the assertions made by bourgeois theoreticians to the effect that it has changed fundamentally and found its "second wind"; what, in fact, the system and methods are for its adaptation to the changing historical conditions, and the prospects for the revolutionary process in the world of capital or the latter's evolution under the impact of the socialist experience of social development; which important economic, social, political and cultural processes are currently and will be under way in the capitalist world and how they might reflect on the life of coming generations; what in the development of the liberated countries objectively furthers the strengthening of capitalism and what undermines it; what threat for the world community is contained in the spread of modern American mass culture and the bourgeois way of life in general.

This book is not a history of recent decades, but the end of the Second World War was a natural point of departure for analysing the processes. In the same way, this work is not an experiment in futurology or forecasting, but in virtually all the chapters the reader will discover certain ideas concerning the course of the probable development of the situation until the end of the century, and in some cases even beyond.

In the West a veritable mountain of literature has been published on the state of, and prospects for, world capitalism, both serious research works and primitive apologetics. To varying degrees, however, both are official in character, have a clear class essence and thrust. The monopolistic bourgeoisie has raised apologetics for its system to the rank of state policy and has created a multifaceted front for defending it: science and mass culture, the mass media and thousands of right-wing organisations, terrorism and subversive activities against everything progressive, democratic and revolutionary.

A hundred years ago, the productive forces of capitalism were on the rise. The World Exhibition in Paris in 1889 and its symbol—the Eiffel Tower, demonstrated the impressive technological achievements of the 19th century. The bourgeoisie's age of dominance seemed endless. In the middle of these boiling rapids of development, however, Marx and Engels, on the basis of scientific analysis, realised that the system was doomed and recognised the social forces fated to overcome it. "The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it," Marx wrote back in 1867.¹ Capitalism surged ahead, mercilessly crushing the conservatism, ignorance and resistance of the Middle Ages. It revelled in its triumph. The further this system went, however, the more cramping it became for the productive forces fettered by capitalist relations of production, while the foreign and domestic policies of the bourgeois class gained strength and increased their reactionary principles. Such a situation could not go on for ever.

¹ Karl Marx, *Capital*, Vol. I, Progress Publishers, Moscow, 1978, p. 715.

At the turn of the 20th and 21st centuries, mankind is living in an incomparably more complex world, and we can be absolutely sure that it will continue to gain in complexity. The social processes in modern capitalist society are distinguished by their diversity, too. While retaining its essence, this society differs greatly from capitalist society in the past—both in the level of development of the productive forces and in the mechanism by which the crisis in relations of production operates. In recent times a situation has developed that is in many ways unprecedented.

In the Political Report of the CPSU Central Committee to the 27th Congress of the CPSU, Mikhail Gorbachev identified the chief characteristics of modern capitalism, defining the situation in its individual spheres and regions, countries and social groups.

Above all, modern capitalism is monopolistic capitalism, or imperialism, which took shape back at the turn of the 20th century. There are basic rules, discovered by Lenin, operating within it. The specific conditions and forms of manifestation of these rules have, of course, changed and are still developing before our very eyes.

The bourgeoisie as a class is experienced enough to understand the social sense of the revolutionary alarm raised in 1917. The October 1917 Revolution struck a blow at the very basis of the capitalist system, undermined its economic, political, ideological and spiritual foundations, and dispersed the legends concerning the unshakable economic and political power of the bourgeoisie. The myth of the eternal values of capitalist society and their perfection was refuted. A new age began. That which previously has seemed to be a “spectre”, a bold theory, a dream, became reality. The October Revolution showed that the advent of the new formation to replace capitalism was not only theoretically possible, but historically inevitable, irrespective of whether this took place a few decades earlier or later and in which form, for it would do so on the basis and in parallel with the maturing of the internal conditions for sharp social changes in the given country.

Imperialist governments reacted in a dual way to the appearance of the new social system. First, their entire arsenal of force was brought into use: intervention, counter-revolution, blockade, various types of provocation—both military and economic. The impact of the socialist revolution in Russia proved so powerful, however, that the ruling circles of imperialism were forced to seek ways to adapt to the new situation, to draw lessons for themselves, to smooth over the most obvious monstrosities of their own system, and adjust international behaviour, taking account of the new balance of forces.

Destructive force against the USSR, and then against the other socialist countries was applied in vain, though it did inflict considerable damage on them. The intervention, economic blockade, political isolation, the attack made by Nazi Germany, the USA's postwar aggressive policy have all required the Soviet people to make all the necessary defence expenditures. Now a multitude of plans for the nuclear destruction of the USSR have come to light: Charioteer,

Cogwill, Gunpowder, Fleetwood, Dropshot are the code names of the scenarios for nuclear war against the USSR from the 1950s to the 1970s. The counter-revolutionary actions organised by imperialism in Hungary in 1956 and in Czechoslovakia in 1968 came to nothing.

Yet a struggle is a struggle. Defeats are sometimes suffered, too. The revolutions in Germany and Hungary in 1918 were put down by the gun and the bayonet. The people's regimes in Chile and in Grenada were uprooted by imperialism in 1973 and 1983 respectively. The people of Africa, Asia and Latin America have suffered many casualties in anti-colonial revolutions.

The list of imperialism's crimes is much longer. Indeed, the very existence of such facts, the way tragic new examples are always being added to them, indicate the main thing—that the most aggressive imperialist circles still hope to destroy socialism and the liberation movements by force.

This destructive policy is not, however, capable of halting the progressive improvement in the world. Socialism as an economic and socio-political formation has continued to develop and gain strength. Major changes have taken place on the socio-economic map of the world, too. A large group of states has withdrawn from the world of capitalism and set out on a new course; a socialist system has taken shape. Under the new balance of forces, capitalism could not maintain its former structure: virtually the entire system of classical colonialism has collapsed.

The meaning of these historical lessons could not but influence the ruling military-economic and political élite of imperialism. There has been a sharp rise in its cosmopolitanism and class solidarity, which has also been promoted by shifts in the development and character of the productive forces. There has also been a change of tactics used in the struggle. Without in any way rejecting military pressure on the world of socialism or ceasing to take the arms race to new heights in order to slow down the development of socialism and weaken the impact of its example, capitalism began, in the early 1960s, to rely markedly on adaptive elements in its class strategy, especially the mobilisation of internal reserves.

Manoeuvring and adaptation were inherent in capitalism always, since its very inception, both in its internal and external policies. A special period in this respect was ushered in, however, by the victory of the Great October Socialist Revolution. The struggle against socialism alone, irrespective of whether it was waged by military means, or measures of economic pressure, or psychological warfare directly against the USSR and the other countries of the new world, or by means of socio-economic policy, propaganda and cultural impact against the working people of the capitalist states—this struggle alone required that capitalism make changes both in the content of its policy, and in the forms, methods and mechanisms for its implementation.

There were also other major reasons for strengthening the policy of adaptation. One of them was the significant scale assumed by the working-class movement in the capitalist world in the 1920s,

which developed under the decisive impact of the ideological, moral and socio-economic example of the building of socialism in the USSR. Another reason was the world-wide capitalist economic crisis of 1929-1932, the depth and scale of which clearly showed that, without an internal restructuring, capitalism would be unable to counteract the establishment of the new social relations and to function effectively under the new conditions.

The Great Depression was followed by the formation of the system of state-monopoly regulation. Its development took place unevenly, zig-zagging and in constant clashes between the interests and views of the various monopolistic groupings. This process received a new impulse after the last war from the formation and development of the world system of socialism, as well as the virtually total collapse of the former colonial system of imperialism.

This objectively faced capitalism with totally new tasks. Alongside the old social system which, though still strong, had already passed the peak of its might, a new dynamic system developed that, overall, was successfully resolving the age-old problems facing mankind. Each of its achievements reminded capitalism that it was doomed historically, so imperialism could not but react to such a turn of events.

At the same time, the collapse of the colonial structures raised the problem of how to compensate the metropolitan countries' possible losses, to retain the former colonies if not in the political, then at least in the economic orbit of capitalism. This was, of course, achieved by the creation of a system of neocolonial exploitation, which is distinguished not only by new forms of economic relations between the centres of imperialism and the developing states, and new instruments of imperialist plunder of these countries' peoples, but also through the ousting of the old masters by new ones. The key role in the entire complex of neocolonialism, on the economic, political, ideological and military planes—especially the last—is undoubtedly played by the USA.

All these processes have developed under the conditions of the retention and intensification of inter-imperialist contradictions. Major changes have followed in the internal content and functioning of the mechanism of capitalist domination where it still exists. The laws governing the development of capitalism can no longer operate in their "pure" form; they have been modified under the impact of the world of socialism, under that of the changes in the balance of forces in the world arena. We are now dealing with developed state-monopoly capitalism, and this determines many socio-economic, political and other elements of bourgeois society today.

The phenomenon of the adaptation of the modern bourgeois system to the new situation is clearly manifested in the evolution of state-monopoly capitalism. The trend itself towards adaptation is still making its way through complex internal political clashes, is developing under the impact of a large number of factors. In the prewar period, state-monopoly capitalism appeared in two main forms: the American, with the corresponding course being pursued

by state institutions of the traditional, bourgeois-democratic type, and the fascist, which became established in Italy, Germany and Spain. The former stressed, in internal policy, mainly the practice of buying off certain strata of the working people, social manoeuvring, resorting, however, in situations of sharp class contradictions, also to repressive measures; the latter stressed the use of the most extreme, terroristic methods of coercion and suppression, to the kindling of chauvinism.

The outright defeat of fascism in the Second World War, and the disclosure of its monstrous crimes, including those against its own people, which became known to everyone, predetermined to a decisive degree the fact that the development of state-monopoly capitalism has, in the leading imperialist centres, followed the course of using the traditional institutions of bourgeois democracy, but with a simultaneous steady movement towards reaction. A new phenomenon is now taking shape: the adaptive and reactionary trends in the policies of the imperialist states are at first combined, as it were, and then merged. This has been manifested to the maximum and in the most extreme forms in Washington's domestic and foreign policies. At first, however, attempts at adaptation predominated, but this policy relied increasingly on the self-opinionated belief on the part of the ruling circles of the USA and the country's dominant class in their exclusiveness, undisputable might and military invulnerability, and the missionary role of the United States.

One modern specific of this phenomenon is that the adaptive and reactionary power trends are being manifested in different forms under different lines of imperialist policy. That which, for some reason or other, has outlived itself within the capitalist states or in the relations between them, is being transferred to the zone of the developing countries, where it might still be applied for some time. One more major aspect of this specific, however, is that the policies of imperialism in all directions, its various lines and the chief centres of imperialism are being more and more closely co-ordinated. It is another matter that such a co-ordination is not always, in fact, effective, must make its way through inter-imperialist and other contradictions, and itself often becomes a means for the leader of capitalism, the USA, to achieve its own egoistic goals. In spite of this sort of shortcoming, however, an understanding of the need for such co-ordination as a condition for ensuring the class strategy in the world today has now evidently become irrevocably established among the dominant classes in the West.

The accents and priorities in the chief lines of imperialist policy are obviously different. In the leading centres of imperialism they are social manoeuvring, the development of anti-crisis state-monopoly regulation and stimulation of scientific and technological progress. However, capital is always prepared to make a resolute attack on the rights and interests of the working people, and elaborate and adopt corresponding state legislation to this end.

The main thing for imperialism in the relations between these centres (all together and each individually) and the young develop-

ing states is to ensure the politico-economic infrastructure of neocolonialism, called on to replace traditional colonialism, to intensify exploitation of the peoples of the liberated countries and retain them in the orbit of capitalism. All the "whips" and "sticks" at imperialism's disposal are always at the ready: constant interference in the internal affairs of other nations, the kindling of conflicts and strife, and direct military aggression.

The policy of manoeuvring has, in general, ensured certain results for capitalism, giving it time to rest and try to find room for a new manoeuvre. A degree of adaptation has proved acceptable to this system; it has preserved and, in some ways, strengthened the fabric of capitalist relations. In different directions, however, the dividends of this course are quite diverse. They are most effective for capitalism in the leading imperialist centres. In fact, this was to be expected: here the positions of capitalism were stronger right from the start. Social manoeuvring allows the bourgeoisie, at times, to take the heat out of the class struggle, reduce the attack potential of the anti-monopolistic forces by splitting them and, when necessary, by means of persecution and repression.

Unemployment, which has grown substantially in scale, has been turned into a powerful means for blackmailing the working class. By means of refined machinations by business, the police and special services, it is primarily the politically active working people who are cast out into the ranks of the unemployed, with the result that some of them break down and leave the political struggle. Job dismissals and acceptances are increasingly dependent on political motives.

The development of state-monopoly regulation has reduced the amplitude of crisis fluctuations and, in combination with the progress in science and technology, has provided the dominant classes with new material means not previously at their disposal.

Imperialism has been able, over two and a half decades, to create a system of neocolonialism allowing it to pump out of the Third World more than was even dreamed about by the colonisers of the past. Taking advantage of the economic dependence of the developing countries, it is using new methods to pursue the old policy of "divide and rule", is hampering these countries in overcoming their socio-economic backwardness, and thus also in increasing their role in world development. Moreover, it has turned out that the web of colonial relations has, to a certain extent, also held back the development of capitalism itself. Their removal has stimulated, for some time, the economic situation of imperialism.

The nature of capitalism and its internal instability have, however, made themselves felt. In no sphere has capitalism managed to overcome its inherent contradictions. The social and other illnesses of the society have merely been hidden deep within it. This had to be, for the policy of social manoeuvring, having reduced somewhat the fierceness of class battles, could not resolve such explosive problems as crisis, unemployment, poverty, backwardness, lack of rights, hunger, crime, and spiritual degradation. Virtually the entire developing world has become an enormous calamity zone. New

knots and complexes of capitalism's contradictions have taken shape, as disclosed and profoundly analysed by the 27th Congress of the CPSU.

The anti-imperialist revolutions in the late 1970s in Angola, Afghanistan, Mozambique, Zimbabwe, Nicaragua and other countries constituted a result and confirmation of the deepening and intensification of the general crisis of capitalism. In this period, the internal contradictions reached an unprecedented intensity in the very centres of imperialism. Three circumstances deserve particular attention. *First*, even under the conditions of the exceptional plundering of the developing countries and peoples, the leading capitalist powers, above all the USA, have been unable to maintain economic growth rates allowing them to expand their policy of buying off sufficiently broad strata of the population in these states, as happened in the 1960s and early 1970s. This has become one of the chief motive forces for capital's mass onslaught on the rights of the working people since the end of the 1970s. *Second*, crisis phenomena have deeply damaged the currency and finance sphere—the holy of holies of capitalism, the area providing the chief means of state-monopoly regulation. *Third*, a "reverse side" to colonialism has manifested itself: the tremendous debt of the developing countries, the serious and increasing problems of this group of countries have become a burden on the modern capitalist economy. A plunderous policy inevitably has a boomerang effect.

Imperialism has not managed to achieve what it intended in relation to the socialist countries either. The arms race imposed on the socialist world, the economic and military pressure, and subversive activities do, of course, have a negative effect on the growth rate of the new world. Even so, socialism is advancing, overcoming the obstacles—objective, subjective, and others—raised by the class opponent. After rebuffing the military provocations and triumphing in the wars imposed on it by imperialism, socialism reached equality with imperialism in the sphere of strategic weapons, and this created a fundamentally new situation in the world, precluding the establishment of an imperial dictatorship of the USA. In its pursuit of the chimera of military supremacy, American militarism has, by its actions, virtually created a situation in which the territory of the USA has finally and irrevocably ceased to be invulnerable to retaliation. By striving to make the whole world its nuclear hostage, the militarism and military-industrial complex of the USA have made the people of America itself just such a hostage. Moreover, by their actions geared to expanding and accelerating the arms race and extending it into space, they are further exacerbating the already difficult and dangerous situation, and increasing the degree of their own irresponsibility and guilt before all mankind, including the American people.

The USA's imperialist policy still poses a tragic danger. The historical circumstances in the second half of this century are such that, as a result of the Second World War, which was profitable to US imperialism both economically and politically, it has since succeeded in concentrating in its hands tremendous economic and

military might, and this has engendered the extremely dangerous illusion of the possibility of achieving world domination, an illusion that is both fatal and suicidal. The fact that this fancy provides the basis for American policy in practice creates a real threat of a world catastrophe, a threat proceeding from the USA, the metropolis of modern imperialism.

Mankind is facing the possibility of the end of civilisation. In principle, people long ago considered this possibility, back in ancient times, but mainly in a religious-mystical sense. Closer to our times, in the 19th century, many scientists considered the possibility of a finale to history as a consequence of some natural calamity from natural scientific and philosophical positions. "Who has guaranteed us that the planet will be eternal?" asked Herzen.¹

Yet even the most outstanding thinkers could not foresee that the threat to man's existence as a biological species would arise as a consequence of his own activities and that great scientific and technological achievements would be made to serve the selfish interests of the monopolistic bourgeoisie.

This was first understood by the scientists who discovered the satanically destructive forces of the atom and created on this basis a weapon that hung death over mankind's head, trying its nerves and reason, but at the same time engendering the necessity to rise above the irrationality of the situation. Politicians gradually began to realise the impending danger, but far from everyone in the bourgeois world has yet realised it. People who see the possibility of continuing their existence and conserving their power by force, militarisation and wars are still quite influential. This circumstance largely determines the international situation at the close of the 20th century. One convincing example of the struggle between the forces of the old world—the world of wars, violence, and the arms race—and those that have assumed the historic mission of saving mankind from a nuclear death, is provided by the current international situation, the chief characteristic of which is the battle for the future.

Yet there is also another aspect to the current situation. Having faced the world with the possibility of nuclear destruction, imperialism has thus laid the very foundations for the formation of a truly world-wide coalition, capable of uniting all those who do not see the future through the contours of nuclear explosions and who are becoming more and more aware of the need to halt the slide into the chasm. This coalition is objectively inevitable and objectively anti-imperialist. The self-confidence and immorality of force, taken to the extreme, give rise to inevitable and growing resistance on the part of peoples, and come up against increasing condemnation even in the capitalist world. This is confirmed by the unprecedented rise in the anti-war movement in the West; by the reluctance of even the USA's closest allies to tie themselves too firmly to their senior partner's policy; by the Irangate disclosures,

¹ A.I. Herzen, *Works* in 30 volumes, Vol. 6, Moscow, 1955, p. 37 (in Russian).

which have illuminated not only the traditional and blind adventurism of the ruling circles in Washington, who are infected by the disease of anti-communism, but also the weakness of their claims to leadership of the capitalist system.

The consequences of the events of the 1970s for the policy pursued by imperialism have proved to be dual. The possibilities of capitalism, its achievements in the scientific and technological sphere, the extreme mobilisation of chauvinism and militarism gave reaction new hopes in the early 1980s and allowed it to count on using power factors in the struggle against social progress.

For all this counting on force and the military-economic exhaustion of socialism, imperialist policy has had to take the true situation in the world into account. Life has dispersed the apologetic myths of capitalism in the 1960s, myths in which the captains of the capitalist ship and its admirers from science, information and culture revelled. Representatives of the dominant classes in the West, who are still capable of facing the facts, admit the scale of the problems that have revealed themselves in modern capitalism, and the inadequacy of the means available to it for overcoming these problems. Members of the realist camp are coming increasingly to understand that military solutions are not applicable today, that force tactics testify not to strength, but to weakness that can and does bring capitalism and its policy only new difficulties, defeats and contradictions.

Such are the dialectics of the general crisis of capitalism. Its historical choice has narrowed to the extreme. At the beginning of this century, imperialism essentially moulded the socio-economic and socio-political face of the world at will, but on the eve of the 21st century only two possibilities remain to it: either to continue adapting to more and more new realities, or to doom the whole world, including its own system, to catastrophe. This constitutes the chief expression of the total crisis of the social system that gave civilisation so much in the past, but has already become historically bankrupt in that it has brought mankind to a terrible state—the threat of its demise.

The events of the mid-1980s indisputably confirm this assessment. It was during this period that the ruling circles of the USA and the NATO allies gave the go-ahead to a new spiral in the arms race, this being the biggest, most expensive and most dangerous so far. They did everything possible to prevent any limitation or cuts of weapons, especially nuclear ones.

The motive forces behind this overt Sabbath of militarism have been the traditional motives of imperialist policy: the drive for unprecedented, "cosmic" profits; the striving to restore the lost military supremacy over the USSR and the socialist community; and the equal striving to impose on socialism a military-economic rivalry that would hold back its development for decades, would break off the implementation of socio-economic transformations in the Soviet Union and the other socialist countries.

There is no need here to remind the reader that it was the socialist world that heeded the warnings on time. It is socialism that has

profoundly analysed what is happening and what is possible, and has set an example of a resolute, innovative, bold struggle against the anti-humane strategy of militarism. At the 27th Congress of the CPSU, in his speeches and discussions, including with the President of the USA, Mikhail Gorbachev has firmly stated in a well-grounded way that the approaches that emerged in the pre-nuclear age are no longer admissible, that they conflict with the new realities and constitute a danger.

The general crisis of capitalism today constitutes an unprecedented accumulation, intertwining and intensification of all the contradictions of the private-property formation. This is a manifestation of acute new contradictions in response to the attempts to overcome or soften the old ones. It means capitalism lacks any historical prospects: both objectively, for it cannot cope with the problems it has itself engendered, and subjectively, since its dominant classes and many politicians are concerned only with maintaining their own positions, while not seeing ways to solve the real tasks facing mankind or wishing to do so.

Capitalism is still a strong, powerful system, in both economic and military terms. It is necessary, however, to distinguish between the strength of the young, growing social organism, consistently revealing its possibilities, and that of the ageing society, fearing for its future, feverishly seeking reserves to help it retain what it has achieved and extend its existence. It is steadily losing its former attraction. Its egoism, the thirst for profits, soullessness, and the entire way of life are becoming increasingly intolerable. Its entire path is washed with blood and tears, and marked with indifference to the working man.

Capitalism is now developing under the conditions of the new stage in the scientific and technological revolution, with its major social consequences. The 21st century will be one of informatics, computers, robots, biotechnology and thermonuclear energy, of unprecedently effective means of communications and transport. What awaits mankind?

The scientific and technological revolution gives a new material and technical face to militarism, which, in recent decades, has become a true calamity. It threatens to cast mankind into war, undermines economies, leaves its imprint on all aspects of the life of society. In the imperialist countries, above all the USA, a military-industrial complex has taken shape that acts as an alliance between the arms-producing monopolies, the top brass, the state bureaucracy, militarised science and its subordinate ideological apparatus, above all the mass media. This evil union serves as a bulwark for extreme reaction in social life and totalitarian police methods of government, and is a constant source of military danger, a weapon for oppressing the peoples of the developing countries.

It is becoming increasingly obvious that the character and specifics of the USA's military-political course can largely be explained by the role played in its elaboration and implementation by the military-industrial corporations. It is they that provide the specific material and technical facilities for this course, provoking more and

more new spirals of the arms race. And this also predetermines the possibilities of, and limits to, the USA's foreign policy course, the evolution of militaristic doctrines. Militarists are also greatly tempted by hopes that the USSR will, in the future, prove economically or technologically incapable of keeping up with the new qualitative spiral of the arms race.

One of the determining characteristics of modern capitalism is the transformation of the USA into its military-economic metropolis. It is not only the main and direct source of military threat for the whole world. It is also the motive force behind the formation of the material potential and infrastructure of what might be called the aggregate might of imperialism and reaction. The global military-police machine, relying on a union of the national military-industrial complexes of the capitalist countries, is more and more often appearing as an instrument of US imperialism, a means for ensuring Washington's interests, including in relation to its allies and competitors.

The formation of such an infrastructure is seen by the militarist circles of the USA as virtually the only reliable means for maintaining the USA's "leadership" of the capitalist world in the future. The hegemony of the USA will, in this case, be ensured by a combination of American military-technical supremacy over the other capitalist states, political leadership and diktat by Washington and the system of transnational corporations—an instrument for the neocolonial plunder of many peoples of the developing countries, and all this under the slogan of unity in the struggle against the "communist" and "Soviet threat". Taking the force trend in inter-imperialist relations to its logical conclusion, this would mean nothing else but the military-political enslavement of the entire capitalist world by the USA and an unprecedented heightening of the war danger.

The nuclear era necessitates a new political thinking, not only new in contents but implying a closer link between thinking and acting, between word and deed. It calls for a different approach to developments in this increasingly interconnected and interdependent world. The new political thinking should first and foremost accept the paramount idea of our time: military force and peace, iron fist and social progress, shooting-from-the-hip style of the foreign policy and the very existence of mankind are no longer compatible. This incompatibility will become more vivid in the course of time. And the effect of militarism on political thinking and our life might be more dangerous.

But merely to realize this is definitely not enough to-day. For a number of years official circles in the West have declared that a nuclear war is inadmissible and impossible to win. Some had a hard time accepting this. But they have done so—verbally. However, mere words will not fill a bushel. What we need is a real process of arms reduction, nuclear foremost, we need an end to the arms race.

The INF Treaty signed and ratified by the USSR and the USA was the first step towards this goal. The sides exchanged instruments of ratification during President Reagan's official visit to

Moscow in June 1988. However, fulfilment of the Treaty will take several years. It has just come into force but some Western politicians, in the USA and other NATO countries are already seeking ways and means to compensate the armaments that are to be destroyed and insisting on continuation of the earlier adopted military programs. Moreover, they are testing the missiles the days of which seem to be numbered.

We speak here not of an absolute and irreversible process but of a dangerous tendency typical of imperialism in general and post-war American imperialism specifically. Still, it is a tendency. Alongside, there are other tendencies, opposing it in one way or another.

Questions posed in Mikhail Gorbachev's report on the 70th Anniversary of the Socialist Revolution in Russia did not emerge out of the thin air. Is there any objective influence on the nature of imperialism, in this increasingly interdependent world, which could block effectively its most dangerous and extreme manifestations? Is it possible for capitalism to exist and develop its economy without militaristic dope? Can we expect that the understanding by the ruling elite of the West, of the calamitous danger that might arise from the present situation will result in the corresponding changes of its political course?

The very fact that these questions have emerged implies the possibility of an affirmative answer. But it still remains to be proved in practice. Currently a greater number of people, political parties and all sorts of movements take a more resolute antimilitaristic stand. This is also relevant for those in the ruling circles who are not directly involved in the military business, and for the US economic development of the late 1980s which is hindered by the burden of military expenditures.

History offers mankind only two options. Either a universal nuclear abyss, which in fact is nothing to opt for, just a fatal surrender. Or a joint quest of a road to survival by all means. This is what new political thinking implies.

The 1970s and early 1980s were marked by a qualitative shift in the development of the general crisis of the world capitalist system. The relative "prosperity" of the 1960s was replaced by a significant complication of the conditions of reproduction, by serious economic and political destabilisation of capitalism. Its economic machine began to slow down visibly. The rise in production lost impetus, the growth rate of labour productivity decelerated, capital returns were falling, unemployment reached an unprecedented scale, cyclical crises gained in frequency, intertwining with structural ones, and also in duration and destructive force. All this exacerbated the competitive struggle and rivalry between the imperialisms of individual states and their unions, intensified and strengthened the economic, social and political contradictions of world capitalism, and constituted a new obstacle to the solution of real problems arising before mankind.

What are the prospects for the world capitalist economy and at what rate will it develop? Will it be able to adapt to the new condi-

tions of its existence, to realise the impending structural shifts? How wide will the rift become between the centres and periphery of the capitalist economy? Will it be possible for the levels of their economic and social development to draw gradually closer together? What direction will the differentiation of the developing countries follow, including their own social development? All these questions are of tremendous significance for all mankind and, of course, for socialism as the creative alternative social system.

Society is a live, pulsing and developing system. The structures forming it are infinitely diverse and complex. Modern bourgeois society differs substantially in its composition and balance of class forces from that at the end of the 19th century, a fact that bourgeois ideologists and social reformists do their best to use to refute the theory of scientific communism, as if this theory asserted society to be immobile and frozen. On the contrary, Marxism-Leninism possesses a set of scientific instruments for analysing the modern balance of social forces, new conditions and forms of the class struggle between the bourgeoisie and the proletariat, the role and place of intermediate social groups.

The question concerning the prospects of the class struggle is very closely connected with the political situation, with the movement of the political ship to right or left. In recent years, a polarisation of political forces has been observed in the leading capitalist countries, expressed in a marked "shift to the right" and increasing activity on the part of conservative parties and movements, on the one hand, and in a strengthening and growth of left-wing and general democratic tendencies, on the other. In these processes there is a complex interaction between internal political and foreign political factors. What are the foundations of, and prospects for, the right-wing—conservative—shift? To what extent do elections and the parliamentary struggle reflect the deep-running socio-economic processes? What new opportunities are being revealed to the left-wing forces in the 1980s and 1990s? Under what internal conditions and in which countries is the formation of an effective anti-monopoly coalition, a real alternative to the modern policy of state-monopoly capitalism, really possible? All these questions need to be answered.

The position and policy of governments, parties and politicians must be assessed from various angles. There are, however, criteria that, under contemporary conditions, are assuming absolute importance: are the activities of the given government, party or leader increasing the danger of war or reducing it? Who are they, these groups, parties, leaders—prophets of doom or responsible people, capable of assessing the prospects for human civilisation soberly? What are their priorities: general humane or personal interests?

Since the revolutions of the 17th and 18th centuries, bourgeois democracy has been the Alpha and Omega of the political organisation of Western society. Fascism proved, however, that the bourgeoisie rejects it with ease when convenient. Under modern conditions, in the majority of developed countries, bourgeois democracy is still considered one of the bulwarks of capitalism. Recent years have, however, revealed signs of new deformations and subversion

of it. Rights and liberties are being consistently encroached upon, reactionary forms of political power are appearing more and more frequently, and repression is being stepped up. For manipulating public opinion in the interests of the ruling class, active use is being made of the achievements of the scientific and technological revolution. The bourgeois mass media are losing even their relative independence.

The crisis of bourgeois civilisation is manifested in the sphere of morality, culture and art. The modern age is characterised in the West by the collapse of age-old values, while imperialism can offer nothing to replace them with. Individualism, shallowness, permissiveness, corruption, crime and terrorism are just a few of the well-known aspects of the Western way of life today.

Capital has always subordinated to itself and disfigured the development of science, literature and art. But this process has never before assumed such a monstrous scale. The cult of force and violence, self-advertising and pornography, are penetrating the "mass culture" intended for millions of people, the idea being to deprive them of their social image and doom them to cultural inadequacy. Nikolai Rerikh once said that the civilised savage was the most repulsive sight. Let us add that it is also an extremely dangerous phenomenon.

The "mass culture" and counter-culture have seized the key positions in the intellectual life of modern capitalist society; they have also, in diverse forms, been attacking socialism in recent decades. Their emergence and development are connected with the phenomenon of the "consumer society" and also with the development of the scientific and technological revolution, which has established the "mass culture" as a norm of modern life.

The mass culture is not, however, simply a product of the consumer society; it is to a large extent also the creator, the demiurge of it. The latest powerful means of technology for mass communications and industrial production of culture have been whipping up consumer attitudes in people and establishing an inverted, dehumanised system of values, have been forming warped stereotypes of the average mass consciousness and corrupting the masses morally in the name of the salvation of capitalism. Mass culture is the offspring of and adjunct to the bourgeois, primarily American way of life. Its social sense lies in the consolidation of a negative hierarchy of values, and the smothering of active social principles. Capitalism's terror in the face of the future has proved so great that the bourgeoisie is ready to commit the worst crime ever in the history of mankind—amputate people's conscience, morals and overall humane attitudes.

The last chapters of the book are concerned, more than the others, with the future, which depends decisively on the historical competition between the two systems, the course of the replacement of capitalism with the new socio-economic formation. Moreover, socialism, as the CPSU Programme states, "proves its superiority not by force of arms, but by force of example in every area of the life of society—by the dynamic development of the economy,

science and culture, by an improvement in the living standards of working people, and by a deepening of socialist democracy.”¹

The central role in determining the fate of human civilisation, as already stressed, belongs to the questions of war and peace, life and death. Socialism's chief mission is to avert the threat of nuclear destruction. There are also other problems of a global, general human order: protection and preservation of the environment throughout the world; provision of foodstuffs for the world's growing population; development of the World Ocean and outer space; achievement of a satisfactory level of health care and education in all parts of the world; overcoming backwardness in the former colonies and semicolonies, and many others.

The solution of these problems is being approached differently in countries with different social systems, but a pooling of the efforts of all states and co-operation between them is required. The Soviet Union and the other socialist countries have shown in practice their readiness to co-operate. The monopoly bourgeoisie and imperialist diplomacy pursue a different policy. Proceeding from their narrow self-seeking interests, they take advantage of complex global problems as a means for bringing pressure to bear on young states and sabotaging corresponding international agreements. A typical example is the refusal by the USA and a number of other Western countries to adhere to the UN convention on the law of the sea, signed by over a hundred states, the withdrawal of the USA and Britain from UNESCO, the use of the food problem for political blackmail, the USA's refusal to sign the Universal Declaration of Human Rights, etc.

The international situation in which the Soviet Union exists is complex and changeable. In order to find one's bearings, a creative, open, unprejudiced approach is required to the multitude of diverse facts of reality. This is demanded by the world in which we are living on the eve of the third millennium—a world full of hopes, since never before have people been so well equipped for the further development of civilisation. But it is also a world, as Mikhail Gorbachev has stressed, “overburdened with dangers and contradictions, which prompts the thought that this is perhaps the most alarming period in history”.²

This period of alarm, a period of unprecedented threat and danger was engendered by capitalism—both objectively, through its own contradictions, the very nature of society, in which everyone competes with everyone else, and subjectively—through the persistent reluctance of the dominant classes to give up their privileges, power and profits.

¹ *The Programme of the Communist Party of the Soviet Union*. A New Edition, Novosti Press Agency Publishing House, Moscow, 1986, p. 72.

² Mikhail Gorbachev, *Political Report of the CPSU Central Committee to the 27th Party Congress*, Novosti Press Agency Publishing House, Moscow, 1986, p. 12.

To get through this period and bring the world out of the dead-end in which it has been cornered by imperialist militarism is a task of historic proportions. The socialist countries are firmly convinced that the arms race must be halted. The protracted feverish state of international relations, especially on the eve of possible new scientific and technological breakthroughs, is fraught with the danger of a sudden crisis fatal to all people on Earth. Real steps away from the nuclear chasm, and the efforts of the whole world community are required for a radical improvement in international relations. Steadily growing attention to the true problems of mankind is necessary: the guarantees of a dignified, socially just life for all. The progress of civilisation and its very survival are inseparable from it being relieved of the burden of the past, of the legacy of the private-property formation. These are the real dialectics of life. In an understanding of this lie the roots of the optimism with which we view the approaching 21st century and are working for a better, more just and secure tomorrow—in spite of all the convulsions of the old world.

1

IN THE LABYRINTHS OF THE GENERAL CRISIS

1. *This Age of Abrupt Social Change*

Capitalism is a terminally-diseased social system, and the disease has been diagnosed by Marxists as *general crisis*. It is not a casual crisis or a short-term zigzag of history, nor a result of mistakes or miscalculations by bourgeois statesmen; "Moscow" or "world communism" have had no hand in it. Life, after all, does not run in accordance with good intentions, but with the laws of social development. The history of any society is a law-governed process running in a given direction, and is never a mere aggregation of accidental events. The deep and all-embracing crisis which has gripped the last system based on class antagonisms is an inexorable and permanent process, which expresses in a concentrated form the decay of the capitalist system and which is the logical result of irreconcilable contradictions immanent in this formation. The recent 10-15 years have provided numerous confirmations of the *deepening* of capitalism's general crisis. Because capitalism lacks positive aims and orientations, capable of expressing the interests of the working masses, the Political Report of the CPSU Central Committee to the 27th Party Congress emphasises, it faces more social and other impasses than it has ever known before in all the centuries of its development, and has now to cope with the unprecedented interlacing and exacerbation of all of its contradictions. Among the first to grow more acute are the contradictions between labour and capital; between monopolies and the overwhelming majority of the population in the capitalist countries; between transnational corporations and the national-state form of political organisation of society; between imperialist states; between the main centres of today's imperialism; between imperialism and the less developed countries and peoples; and, finally, the global contradictions cutting at the very roots of our civilisation.

There is ever wider international recognition of the Marxist-Leninist conclusion that the sphere of imperialist domination has been inexorably shrinking, so making it perfectly obvious that it is a historically doomed system. Even the avowed advocates of capi-

talism tend to be pessimistic, sceptical, nervous and despondent, as will be seen, for instance, from some of the headlines in the most popular Western periodicals. A West German magazine asks: "Is it still possible to rescue capitalism?"¹ A US magazine puts it this way: "Can capitalism survive?", "Is capitalism working well enough?" "Can it be repaired or is it fatally flawed?"² While the answers to these questions are far from being cut and dried, *Stern* admits that most FRG citizens are inclined to believe that the system no longer has a chance. The French *Nouvelle observateur* also says that there is no way out within the framework of the existing system. None of that, of course, signifies an acceptance of the socialist alternative. Indeed, new and variously designated scenarios are being spun out with all the trappings of capitalist private property.

Nor is it just one country, a group of countries or a coalition of states, but the whole of world capitalism that is in general crisis from top to bottom: its basis and superstructure, its economy and social relations, its politics and state system, its ideology and culture, its morality and way of life, and every aspect of interstate relations. Capital as a system of social relations, the basis of the capitalist mode of production, is in the throes of this general crisis. "It would be impossible to put an end to the rule of capitalism if the whole course of economic development in the capitalist countries did not lead up to it," says Lenin.³ The ideological and political crisis—the crisis of bourgeois democracy—tends to erode the elementary rules of morality, corrupt the political machine of capital's domination and overwhelm the institutions of power and bourgeois political parties. There are ever more obvious signs of runaway corruption and money-grubbing even in the top echelons of the state machine. Traditional forms of conservatism give way to authoritarian trends.

Objective and subjective prerequisites for the collapse of capitalism and its replacement by a higher economic and social system lie in its own bosom, and have not been introduced from outside. The 27th Congress of the CPSU noted that the problems and crises in the capitalist world originate within its own entrails, and emphasised the relevance of the Marxist tenet that capitalism negates itself as it develops. It is a process which does nothing to remove the organic antagonisms of the system, but keeps generating new antagonisms, some of which are even sharper and more profound. It is a process which keeps producing ever greater constraints on the solution of the global problems facing mankind at the end of the century, including the paramount problem of mankind's survival. Finally, capitalist development inevitably builds up the material base for the communist formation that is coming to replace capitalism. Technical progress and the vast growth of capital and the banks, says Lenin, have caused capitalism to become "mature and overmature",

¹ *Stern*, No. 38, September 17, 1975. S. 70.

² *Time*, July 14, 1975, p. 38; April 21, 1980, p. 40.

³ V.I. Lenin, "War and Revolution", *Collected Works*, Vol. 24, Progress Publishers, Moscow, 1980, p. 417.

turning it into the "most reactionary hindrance to human progress". That is why "it has outlived itself".¹ Never before has this "overmaturity" of capitalism and the conversion of bourgeois relations of production into heavy fetters on social development been so obvious and explicit as they are today. The crisis of world capitalism has proceeded as an objective and irreversible process in which the economic, social and political foundations of the bourgeoisie are being eroded, the sphere of its domination reduced, its monopoly in international affairs limited and undermined, and its influence on developments on the globe curbed. Imperialism has lost its erstwhile power over the bulk of mankind for good.

This is a tempestuous, complicated and socially revolutionary century, without parallel in speed of development, sharpness of social conflict, and rapidity and scope of revolutionary transformations.

One of the most remarkable facts in the history of science and the society is Lenin's discovery in 1916 of the economic and political substance of imperialism, and his subsequent conclusion that the socialist revolution was initially able to triumph in one, individual country, or in several countries; indeed, he went on to assert that it could not be victorious simultaneously in all or most of the states; within a year, his conclusion was brilliantly confirmed: the revolution which broke out in Russia began as a bourgeois-democratic revolution that soon developed into a socialist revolution. Seventy years later, we find socialism firmly established over a sizable part of the globe. The revolutionary renewal of mankind and its advance to the true history of world civilisation is a process that has continued to run successfully.

Relations between states belonging to the two systems or economic and social formations involve a group of contradictions—the most fateful from the standpoint of mankind's destiny—in the modern world, a world which is highly diverse and dynamic and riddled with contending trends and the most intricate alternatives. These systems take fundamentally different views of the present and of the world's social perspective. Compared with socialism, capitalism turns out to be ever less able and ready to comprehend new problems and, most importantly, to find common-sense solutions to them. That is why "more and more nations are losing their confidence in capitalism; they do not wish to associate their prospects of development with it and are persistently searching for and finding ways of socialist transformation of their countries".²

The edifice of world imperialism is shaking under powerful pressure from such leading motive forces of social development as world socialism, the international working-class and communist movement, the forces of national liberation, and the mass democratic movements, whose steady growth and interaction determine the key features, lines, periods and stages of the general crisis of capital-

¹ V.I. Lenin, "Answers to an American Journalist's Questions", *Collected Works*, Vol. 29, 1977, p. 517.

² *The Programme of the Communist Party of the Soviet Union*, pp. 12-13.

ism and cause cardinal quantitative and qualitative shifts in the world balance of forces between socialism and capitalism in favour of socialism, and between the national liberation movement and imperialism—in favour of the forces of national liberation (see the table). The class struggle in the capitalist countries is gaining in depth, the economic instability of capitalism is growing, the old internal and external contradictions are sharpening, and new ones are emerging. The high-conflict rivalry between the main centres of imperialism (United States—Western Europe—Japan) is now the main inter-imperialist contradiction.

*Economic, Political and Social Picture of the World
(% of world total)*

		Socialist countries	Developed capitalist countries	Less developed countries
Territory	1919	16.0	84.0*	—
	1940	16.5	83.5*	—
	1970	25.9	15.4	58.7
	1985	26.2	12.2	61.6
Population	1917	7.7	92.3*	—
	1940	7.8	92.2*	—
	1970	33.6	19.5	46.9
	1985	32.1	16.7	51.2
Industrial output	1917	under 3.0	over 97.0*	—
	1940	10.0	90.0*	—
	1970	about 38.0	54.0	7.0
	1985	over 40.0	about 50.0	7.0
Annual growth (%)	1961-1985			
	national income	5.5	3.7	5.2
	industrial output	6.9	3.9	4.6
	agricultural output	3.5	1.8	2.8

* The whole capitalist world, including the colonies and dependent countries. Calculated from *USSR Economy in 1980. Statistical Yearbook*, Moscow, 1981, pp. 56-57; *USSR Economy, 1922-1982. Anniversary Statistical Yearbook*, Moscow, 1982, p. 89; *USSR Economy in 1985. Statistical Yearbook*, Moscow, 1986, pp. 578-81 (all in Russian).

Among the multi-faceted manifestations of the deepening general crisis of capitalism at the present stage are: the falling away of more and more countries from capitalism; the sharpening of the contradictions of imperialism with the development of state-monopoly capitalism and the unprecedented growth of militarism; the ever greater internal instability of the capitalist economy expressed in capitalism's increasing incapacity to make full and rational use of the productive forces (falling rates of production growth, ever more frequent periodical and acute structural crises, and constant underloading of production capacities, chronic mass unemployment and the crisis in the use of Nature); the glaring inefficiency of the

state-monopoly regulation of the economy; the ceaseless inflation and the bloated state debts; the mounting struggle between labour and capital; the marked sharpening of the contradictions within the world capitalist economy; the growing political reaction along every line; the offensive against constitutional rights and liberties; the establishment of tyrannical regimes in some countries; and the profound crisis of the bourgeois way of life. All of these manifestations have been profoundly studied, given new Marxist-Leninist insights and summed up in the CC CPSU Political Report to the Party's 27th Congress and the new edition of the CPSU Programme.

2. The Reserves of Capitalism

Over the past decades, the world capitalist system and its economic foundation have undergone deep change. End-of-century capitalism is a far cry from early-century and even mid-20th century capitalism, an incontrovertible fact that has been written into the policy-making documents of the CPSU and the fraternal parties, and of the world communist movement.

State-monopoly capitalism is, of course, still exploitative and inhuman—because all the main means of production remain in capitalist ownership, wage-labour is still exploited, the monopolies wield all the power, capital keeps appropriating the surplus-value and driving for maximum profits, and the monopoly bourgeoisie exercises totalitarian political power.

So, even in the epoch of its general crisis, capitalism retains its basic features, as they were described by Marx, Engels and Lenin. The accumulation of wealth at the one pole, and the growth of mass poverty and deprivation at the other, continue on an unprecedented scale; the social-class polarisation of the capitalist society is being exacerbated; imperialist capitalism is still marked by political reaction, mounting violence, and external expansion and aggression. Capitalism's development in the course of this century has fully borne out Lenin's analysis of its final stage.

Since 1917, capitalism has ceased to be a closed system, and has developed under the influence not only of its internal uniformities—the objective requirements of the productive forces and the antagonisms sharpened by the far-advanced processes of monopolisation and the state-monopoly degeneration of its whole structure, determining in the first turn the aggravation of its general crisis—but also of the external factor. The society ruled by the financial oligarchy is under strong and ever growing pressure coming from the consolidation of world socialism, the deepening of the basic contradiction of our epoch (that between socialism and imperialism), the onset of the international working-class movement and the national liberation revolutions, and the effects of the winding up of the colonial empires. The global contest between the two social systems, their coexistence and competition, and the resultant feed-forward and feed-back ties leave a heavy imprint on the state and development of the capitalist society and on the new phe-

nomena and the deep-lying processes that are characteristic of world capitalism today.

In other words, capitalism was simply unable to ignore—politically, economically or socially—the revolution in Russia, which blew up the capitalist order and built a system for the working people.

The final outcome of the contest between the two systems is a historically foregone conclusion: *the general crisis of capitalism is the collapse of the capitalist mode of production and its revolutionary replacement by socialism*. Nevertheless, back in 1916, Lenin warned that “it is undialectical, unscientific and theoretically wrong to regard the course of world history as smooth and always in a forward direction, without occasional gigantic leaps back”.¹

The general crisis of the world capitalist system has a long record which shows that the antagonisms of the bourgeois society are sharpened in contradictory and often latent forms, inevitably leading to its collapse and revolutionary transition to a higher type of social system. The crisis tends to run in a zigzag and erratic course, in leaps and bounds, in fits and starts, through “prolonged and arduous” upheavals,² with alternations of revolutionary ebbs and flows, temporary reverses and retreats, and the defeat of some revolutions.³ That is quite natural because the uneven development of capitalism tends to sharpen the contradictions in the various countries and groups of countries of the non-socialist world in different periods of time to a very different degree.

It is a caricature of Marxism and Lenin's theory of socialist revolution to assume that it can be carried out by the proletariat overnight, in one fell swoop on the bastions of capitalism. Indeed, hardly anyone was more emphatic than Lenin in stressing that the development of monopoly and then of state-monopoly capitalism is itself a negation of capitalism as a social system. But he also drove home the point more vigorously than anyone else that the overthrow of capitalism on a world scale and the development and establishment of the communist formation would take an entire historical epoch, since it was an exceptionally complicated, multi-faceted and drawn-out process the deadlines for whose completion could not be predicted with any degree of accuracy.

The social revolution, he said, was bound to assume the form of an epoch, linking up the proletarian revolutions in the advanced countries and a “whole series of democratic and revolutionary movements, including the national liberation movement, in the undeveloped, backward and oppressed nations”.⁴ Marxism-Leninism eschews both the idea of some “automatic” collapse of capitalism, and the notion that the general crisis of capitalism tends to develop

¹ V.I. Lenin, “The Junius Pamphlet”, *Collected Works*, Vol. 22, 1977, p. 310.

² V.I. Lenin, “Imperialism, the Highest Stage of Capitalism”, *Collected Works*, Vol. 22, p. 191.

³ See V.I. Lenin, “Letter to American Workers”, *Collected Works*, Vol. 28, 1977, p. 74.

⁴ V.I. Lenin, “A Caricature of Marxism”, *Collected Works*, Vol. 23, 1977, p. 60.

into a steady, year-on-year weakening of the capitalist system. An international conference on the 50th anniversary of the publication of Lenin's *Imperialism, the Highest Stage of Capitalism*, had good grounds to assert that any mechanical and thoughtless reiteration of the idea about a steady deepening of contradictions sounds like an incantation, carries less and less conviction and may often produce a sense of dissatisfaction.

It is wrong to regard the capitalist society, even in the epoch of its decline, as a system exhibiting a stagnation of the productive forces, locked rigid, with its economic potentialities and internal sources of economic development depleted. Considering the greatest revolutionary crisis which the capitalist system faced throughout the world, Lenin warned that "there is no such thing as an absolutely hopeless situation... To try to 'prove' in advance that there is 'absolutely' no way out of the situation would be sheer pedantry, or playing with concepts and catchwords".¹ It is not a clotting but a growth of the productive forces—the most fluid, revolutionary and definitive element of the mode of production—that compounds the conflict which is crucial for the fortunes of capitalism: the conflict between the productive forces and the integument which puts a bind on their development, namely, the capitalist relations of production. This conflict tends to sharpen under the impact and against the background of the STR.

Why is it that of all the capitalist societies it is the US capitalist society and its economy and social structure that have been hit hardest by the general crisis of capitalism? It is above all because the US society has developed the productive forces to the highest level in the capitalist world: the chief centre of imperialism has attained the maximum of what capitalism has been able to attain in this field, and it is precisely because the productive forces have developed most powerfully in the United States that its economic and political contradictions, social contrasts and the property and other inequality of the classes and social strata are most glaring. Noting the rapid economic development of the United States at the beginning of the century, Lenin stressed that "*for this very reason*, the parasitic features of modern American capitalism have stood out with particular prominence".²

Lenin's proposition on the two tendencies in the development of capitalist production in the epoch of imperialism—growth and decay—remain fully valid in our day as well. These tendencies keep alternating at the various stages of the historical way, but the former on the whole tends to prevail. Monopoly under capitalism generates a tendency towards stagnation, but under the pressure of competition the imperialist monopolies often generate scientific and technical progress. At its highest stage capitalism keeps growing very much faster than ever before, while its decay does not rule out some periods of accelerated development in individual industries

¹ V.I. Lenin, "The Second Congress of the Communist International", *Collected Works*, Vol. 31, 1977, p. 227.

² V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 301.

or countries, and the more marked the economic growth, the deeper and sharper the contradictions.

The documents of the 27th Congress of the CPSU contain a dialectical analysis of the contradictions in the advancing world development and of the new forms in which these contradictions move. They are not only a verdict on the old world and everything that impedes advance, but are also the motive force of social progress proceeding in an atmosphere of struggle that is inevitable so long as exploitation and exploiter classes exist. These contradictions pave the way for the replacement of capitalism by socialism, while simultaneously operating as a source of the self-movement of the capitalist formation and its partial transformation through the development of the productive forces and some adjustment of the mechanism of production relations as a whole. Consequently, the capitalist society, which is on its way out of history, a society without a future, is still fairly strong.

The main reserve of imperialism is that, although it has lost its erstwhile economic and political hegemony on the globe, it continues to dominate in a sizable group of developed countries turning out about half of the world's industrial product, and above all in the Big Seven (United States, Japan, FRG, France, Britain, Italy and Canada), which account for almost 43 per cent of the world's industrial product.

While capitalism has passed its peak and is on the down-grade, it remains a strong and dangerous adversary of socialism. Imperialism seeks to learn the lessons of its defeats and to adapt to the fundamentally new historical situation in which the two systems are in confrontation and locked in worldwide class struggle, and to the demands of the STR, which is having an ever deeper impact on world social processes.

The stocks of accumulated material wealth, the powerful industrial, scientific and technical potentials, the well-gearred and well-organised production machine and high-skilled manpower constitute a major resource of present-day capitalism. With it at their disposal, the monopolies continue to be capable of mobilising material, manpower and financial reserves, even if not as vigorously as they did in the early postwar decades. Maximising surplus-value is an incentive for boosting production, which is still there to tantalise them, and that is why they still have force and momentum. These may not be as strong as they were twenty or thirty years ago, but they are still sufficient to keep them going for some time at a fairly fast pace.

Since the Second World War, the capitalist economy has evolved through three markedly different periods: rehabilitation—roughly until the mid-1950s; relative stability—until the 1970s, and a sharp slowdown in economic growth.

Over the first two periods, the capitalist economy acquired some new features which largely changed its face as compared with pre-war capitalism, to say nothing of the earlier stages of imperialist development. It remained unstable, uneven and cyclical, but for nearly three decades after the end of the war the upward phases of

the capitalist cycle were, as a rule, longer and more intensive, while the crises of general overproduction were not as deep or as long. Nor should one forget that in that period there was not a single truly deep and devastating world economic crisis, although the cyclical fluctuations of production continued both in the individual countries, and in the world capitalist economy as a whole.

There was a marked change in the structure of the economy and in the national-economic, reproductive and sectoral proportions. New industries and sub-industries were set up and developed faster than others in the sphere of material production, marking its transition to a higher technical level: radioelectronics and microelectronics, missiles and aerospace, lasers, nuclear energy, new lines in chemistry, biotechnology and genetic engineering, modern transit, composite materials, communications and computers. Fundamentally new products and sources of energy appeared on the scene and an industrial raw-material base took shape. The development of capitalist production could rely on relatively cheap energy resources and raw materials. The share of agriculture in the GNP shrank (in the United States, for instance, the share of its net product in the total volume of material output dropped from 10.5 per cent in 1960 to 7.7 per cent in 1970 and to 5.8 per cent in 1985), while there was a noticeable increase in the absolute indicators of its growth, industrialisation and switch to machine systems. Many developed countries which had once imported food began to export it. The non-production sphere, on which material production became substantially more dependent, acquired great significance.

There was a marked change in the principles and techniques of capitalist economic management at every level, with the free-play market regulators of reproduction increasingly being complemented, and in some cases directly replaced, by centralised regulators, and with growing state-monopoly centralisation of the management of production as the overall trend making headway despite the frequent zigzags of government economic policy. Competition continues to be the main mechanism spontaneously regulating the proportions of social reproduction in accordance with the law of value, but capitalist incomplete balanced development and the regulation, programming or indicative planning, realising it, have also become part and parcel of economic management under highly developed state-monopoly capitalism. This was naturally manifested both in an expansion of the economic function of the capitalist state and in important shifts in the organisational structure of private corporations, notably the TNCs.

The roots of these changes lie in the evolution of capitalist property, which has become much more concentrated. Capitalist socialisation of production has reached an even higher degree. Despite the growth of small and medium enterprise, the concentration, centralisation and monopolisation of production and capital are a process that continues in full spate, sweeping across state borders, acquiring international features and leading to the formation of transnational capital with dominant positions in the capitalist world economy. TNCs are subjecting and monopolising entire industries

and sectors in the individual countries and on an international scale.

A much greater role in the development of the capitalist economy than before now belongs to the international division of labour and the world economic ties based on it: economic, scientific and technical; foreign trade, producer, patent and licence, export and import of capital, engineering, consultant and high-tech services. The imperialist states were most forcibly impelled to seek additional sources for economic growth beyond their national borders by the growing antagonisms of the reproduction process and their inability to ensure an expansion of the domestic market adequate to the modern productive forces. Foreign trade in the capitalist countries kept growing twice as fast as their production, and the share of exports in the gross national product rose to an unusually high level. An average of one-third of the capitalist countries' aggregate material product is now being realised on the world market as compared with 17.5 per cent in 1950.

All these fairly important changes led to a leap in the development of capitalism's productive forces, and this, for its part, generated another tide of vindication of the capitalist system by its bourgeois and reformist advocates. From the late 1950s and the mid-1960s, there was a spate of diverse and incompatible theories concerning some "transformation" and "rejuvenation" of capitalism, a "super-industrial" and a "post-industrial" society, all spreading the illusion that the capitalist society had entered an era of crisis-free development, "general affluence" and "class peace", which allegedly made it capable of ensuring the harmonious growth of production with full employment of the population and resources. All these theories were designed to suggest that capitalism had almost ceased to be capitalism.

That was a period of euphoria, as even the bourgeois ideologists have admitted. At the time, one US economist wrote: "The growth experience of the third quarter of the twentieth century revealed that a market economy enriched by government planning and macroeconomic control could perform favourably in comparison to past epochs of both capitalist and communist development."¹ Another US economist, Michael Harrington, conceded that capitalism "has shown remarkable resiliency" and predicted that it would "spend and plan its way out of the present situation".²

But a serious analysis of the new features of the economy of imperialism which it displayed at the end of the 1960s showed that it neither was fundamentally transformed nor ceased to be exploitative, but that the capitalist society was being further restructured in depth along state-monopoly lines against the background of the STR.

In effect, all the economic and political factors underlying the increased volume of capitalist output in the early postwar decades boiled down to a further development of state-monopoly capitalism

¹ Paul A. Samuelson, *Economics*, Ninth Edition, McGraw-Hill Book Company, New York, 1973, p. 734.

² *Time*, July 14, 1975, p. 39.

and to scientific and technical progress. It would be wrong, in principle, to assume that these were short-term factors and that they have not become intrinsic to present-day capitalism. On the contrary, the wide use of these instruments constitutes the basis of imperialism's economic strategy of adaptation to the new historical situation in the world, a strategy of self-preservation and survival. They will continue to exert a most important effect on the course and character of capitalist reproduction in the future as well.

Another substantial reserve of capitalism is the possibility of relying on state-monopoly regulation in its various forms to derive benefit from scientific and technical achievements so as to go on developing the productive forces, despite the deepening economic, social and political contradictions. One conclusion of the 27th Party Congress is that "the present stage of the general crisis does not lead to any absolute stagnation of capitalism and does not rule out the possibilities for economic growth, and the mastering of new scientific and technical fields. This stage 'allows for' sustaining concrete economic, military, political and other positions, and in some areas even the possibility for social revenge, for regaining what had been lost before."¹

Militarism largely channels technical progress into the arms race. The MIC's efforts tend to convert the most advanced scientific and technical thought into weapons of mass destruction, so posing a mortal threat to mankind. The STR, on which mankind's progress directly depends and which has a great influence on all the contradictions and processes under way in the world, cannot, of course, abolish the laws of social development. It was emphasised at the Congress that man's social and spiritual liberation alone make him truly free.

The best proof that capitalism is on the downgrade is its limited capacity to apply STR achievements for constructive purposes, but although the relations of production are much too narrow for the current STR, and especially for its new stage, although technical progress keeps running up against the capitalist constraints to consumption by the bulk of the population, one cannot but see that the possibilities of increasing the scale and pace of expanded social reproduction tend objectively to increase. The idea is that over the remaining part of the 20th century the economy of the leading capitalist countries could be provided with a totally new material and technological basis as the latest STR achievements are applied, production is intensified and radically restructured, and wide use is made of modern forms of international division of labour.

The STR has now become the main sphere of the peaceful competition between the two systems, a *specific form of class struggle in the international arena today*. Indeed, imperialism hopes to survive by putting its stake on the STR.

It is now regarding the STR as a means for patching up the capitalist system and possibly for helping it to win in the competi-

¹ Mikhail Gorbachev, *Political Report...*, p. 15.

tion with socialism. But these hopes are illusory, to say the least. However, once again there can be nothing automatic about it: Marxists have always asserted that the struggle against the historically obsolete system calls for fresh efforts at every stage of history and in every period of time.

Another factor used by capitalism in the historical competition between the two systems is that it still has a preponderance over socialism in the total output of goods and services, and also in some concrete spheres and fields of economic life. In the most developed countries, it still has some advantages stemming from the higher level of social labour productivity. The CPSU Programme formulates the vital task of attaining the world's highest level of social labour productivity and efficiency of production, so depriving capitalism of this advantage.

Up to now it is material and technical resources and factors that have been mainly considered. In the service of private capitalist or state-monopoly interests these are an instrument of capitalist exploitation and continue to be a real reserve of capitalism. But in practice, capitalism also has other, what could be called non-material reserves, including the following.

First, because of its developed economy and the continuing neo-colonial exploitation of the Third World countries, capital has been able—without any special losses for itself—to meet some of the prime wants of the working class and to ensure a relatively high subsistence minimum for the bulk of it, while permanently keeping a large part of the population in the developed capitalist countries in a state of poverty, and millions upon millions on the fringes of the capitalist world suffering from unemployment, hunger, disease and a high death rate.

Second, capitalism is dominant in a group of countries with long-standing "democratic" traditions, which boil down to parliamentary political demagogery that serves to cover up the total power of the monopolies and the military, economic and political elite. Capitalism has been fairly successful in conducting a policy of splitting and corrupting the working-class and democratic movements.

Third, through the mass media monopoly capital is still able to manipulate public opinion and influence the minds of men.

Fourth, capitalism is making ever more frequent use of less blatant, more sophisticated and refined forms of exploitation both of its "own" working class and of the peoples of former colonies and semi-colonies.

All these reserves can temporarily—and at a high price for mankind—put off the inexorable outcome in this or that sector of the capitalist world, distort the social process in this or that capitalist country, and, twist the way of its development in terms of the historical perspective. But it cannot make the old world less historically doomed.

3. A Phase of Destabilisation

The generally faster and stable growth of the socialist economy is of crucial significance for the prospects and eventual outcome of the competition and contest between the two social systems, because that is what gradually tilts the material balance between the opposed world forces against imperialism. There is, of course, no doubt about the need to compare the concrete economic parameters of capitalism and socialism, but a comparison of the resources of each of the two systems and of their weak spots, and also—and most importantly—the tendencies in their development is much more relevant. In our revolutionary epoch, the world tends to change at a dizzy rate, and it is not so much the material and financial mass, as social development capable of transferring this mass in political space that has the crucial influence on the balance of forces. When measuring the economic or military potential of each group of countries, one cannot be sure that within an interval of time some of its components will not turn out to be neutral or even incorporated in the other camp.

The historical contest between the two world systems tends to run increasingly over economic and social terrain, which is why there must be a full set of indicators including those of volume and rate of growth in production and qualitative parameters like scientific and technical progress, economic efficiency and intensification, labour productivity and product quality, and also the quality of life, social services, and spiritual and personal factors.

Since modern state-monopoly capitalism continues to be capitalism today (as was the case in the past), the weakest spots in its economy stem above all from the gravest exacerbation of the traditional contradictions of that mode of production (operating, it is true, on a broader basis), such as the haphazard market mechanism and the anarchy of production which persist despite the spread of state-monopoly forms of economic management, and also the reproduction, sectoral and other disproportions which are amplified by its cyclical economic development.

The chronic unemployment, the underloading of fixed capital, and the general waste of producer resources—all inherent in the general crisis of capitalism—have reached such gigantic proportions that they bear no comparison to anything in the past. During the cyclical crises of 1974-1975 and 1980-1982, between 25 and 33 per cent of the production capacities were idle as compared with 8 per cent in 1966, a degree of underuse of fixed capital (even reckoning with the need to have reserve capacities in the economy) unknown in the United States for over 40 years. Capitalism, as never before in the past, “is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells”.¹

¹ Karl Marx and Frederick Engels, “Manifesto of the Communist Party”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 6, Progress Publishers, Moscow, 1976, p. 489.

The conflict between the productive forces and the relations of production under capitalism is now the supreme expression—as it has been in the past—of the radical class antagonism of the capitalist system between social production and capitalist appropriation of the results of labour socialised to an unprecedented extent. That is still the conflict “whence arise all the contradictions in which our present-day society moves”,¹ for it “contains the germ of the whole of the social antagonisms of today”,² both within the capitalist countries and in their relations with each other.

With the emergence of the socialist system the historical contest between socialism and imperialism naturally became the main antagonism of the epoch, pervading every facet and sphere of social life on the globe, while the basic economic and political contradiction of capitalism became less of a totality, although, operating as it does in the capitalist zone, it fully retains its fundamental significance in the hierarchy of contradictions inherent in capitalism as a social formation. It remains the primary basis of the antagonism between labour and capital, of the proletariat's class struggle and of the working people's anti-monopoly actions. The inevitable collapse of capitalism is rooted in the deepening of this antagonism and in its ultimate resolution the revolutionary way.

In the epoch of the general crisis of capitalism, new forms in which this antagonism moves and is manifested have been added to the old ones, such as the contradiction between the drive for boundless expansion of production and the limited purchasing power of the masses, the contradiction between the anarchy of social production as a whole and the high level of organisation and balanced development within individual enterprises and corporations. These new forms include the contradiction between the fantastic potentialities opened up by the STR and the obstacles erected by capitalism to their use for the benefit of the society as a whole, and the contradiction between social production and state-monopoly regulation. There is not only a growth of the contradiction between labour and capital, but also a deepening of the antagonism between the interests of the overwhelming majority of the nation and the financial oligarchy.

The weakest spots in the capitalist economy today stem from the sharpening of the traditional contradictions and the evolution of a wide range of new negative processes. What are these?

There is, first of all, the lacing into a single ganglion of many acutely critical cyclical, structural, conjunctural, chronic, internal and international situations on a scale unprecedented in the history of the capitalist society. During the cyclical crisis of the mid-1970s, and then the crisis of the early 1980s, the general overproduction of goods and overaccumulation of capital was first closely alloyed with various types of structural crisis, such as the fuel, energy and raw materials crises, originating from the relative underproduction

¹ Frederick Engels, “Socialism: Utopian and Scientific”, in: Karl Marx, Frederick Engels, *Selected Works*, Vol. 3, Moscow, 1977, p. 150.

² *Ibid.*, p. 137.

of oil and other energy resources, and some raw materials; the food and the ecological crises in the broad sense of the word; the sectoral crises of overproduction in ferrous metallurgy, mining, ship-building, automobile and textile industries, lasting for years and, in some cases, for decades; and the crisis in circulation: the credit, monetary, and financial crisis, the crisis of foreign trade and payments balances, and of world economic relations as a whole. All of these have gone hand in hand with conflict situations within the system of interstate relations, and with acute social and political crises in the capitalist countries.

The whole reproduction mechanism was deeply upset by this unusual mix of crises of the most diverse origin, character and calibre, which threw into such bold relief the economic, social and political upheavals of the 1970s and the subsequent years against the background of the earlier ones.

Moreover, inflation ceased to be episodic and mainly national, and became a protracted and chronic ailment of world capitalism. Inflation curves became unprecedentedly steep and, what is even more important, inflation became a concomitant of capitalist economic development in wartime and in peacetime, in time of boom, of recession and even of bust. Inflation has been woven into the steady growth of unemployment involving millions upon millions of working people. It erodes the partial handouts which the capitalists are forced to make to the working people, causes sharp increases in the cost of living, slowdowns and even declines in real wages and salaries, and in the real incomes of the other strata of the population, especially those with fixed earnings. During the 1974-1975 crisis, real wages dropped only in the United States and Britain, but during the 1980-1982 crisis, they declined in most capitalist countries.

Since the mid-1970s, the ruling class switched to a counterattack, to a policy of social revanche, using the economic upheavals and the state of the labour market which is unfavourable for the working class, and seeking to more than compensate for the concessions it had been forced to make earlier, in the course of its social manoeuvring. The working people have been robbed of a sizeable part of their social gains, and some elements of their living standards are down to those of many years ago. Unemployment is at a post-war high: the STR under capitalism makes millions of people, including young and educated people, redundant. The level of real wages has been declining, the conditions for the extension of social aid have been worsening, the working people's gains in public health, education and other fields are being gradually whittled away. The right-wing conservative forces, which have taken power in the United States and some of the other major capitalist countries, are attacking the working people, harassing the trade unions, and using ever tougher totalitarian methods to run the society, not even hesitating to use political blackmail, repression, terrorism and punitive operations.

Capitalism is now in the toils of a most acute bout of its general crisis. The factors whose favourable combination gave a temporary

impetus to the expansion of the productive forces, among them the restructuring of the capitalist economy, were largely worked out by the 1970s. Tremendous difficulties in the resource supply of the reproduction were caused by the exacerbation of global energy, raw material and ecological problems, made economic growth much more costly and required a fresh restructuring of the economy that was much less lucrative and more capital-intensive, while the structural shifts in the economy linked to the new stage of the STR on the basis of high technology and a switch to resources-saving and highly intensive type of reproduction still lay ahead. The economic efficiency of scientific and technical progress along the lines which had by then taken shape began to decline. The factors of cyclical renewal of fixed capital became less potent. The external economic stimulator of production was seen to misfire again and again: the rate of growth in the quantum of international capitalist trade was nearly halved as compared with the earlier period. The grave upheavals in material production and other sectors of the economy are accompanied by the disruption of finances and the monetary and credit systems of the capitalist countries.

There are more and more weak spots in the capitalist economy because of the vast waste of the society's resources by the war machine. Militarism has waxed on the arms race and has shot through the whole of life in the capitalist society in its efforts to take over all the political instruments of power. Naturally, it has a strong effect on the economy. Whatever the advocates of the MIC may say, militarism ultimately sucks the nations dry and ruins the peoples labouring under the burden of taxes and growing cost of living, although it does enrich some groups of the monopoly bourgeoisie. A sizable part of the social wealth is being destroyed through the channels of militarism. Pushing mankind to the brink of catastrophe, militarism has substantially contained the growth of production over a long period, has weakened the base of expanded reproduction, and has diverted vast labour, material and financial resources from productive use. The war machine has devoured more and more fruits of scientific and technical thought and has absurdly wasted not only the present but also the future potential of the human society. Analysts at the Institute of the United States and Canada of the USSR Academy of Sciences have estimated that the losses inflicted on the US economy by militarisation in terms of final-product underproduction over a period of thirty-three years (1946-1979) came to a total of \$3.4-5.3 trillion (in 1972 prices), which is equivalent to 2.4-3.7 times the US gross national product in 1979. Researchers at the Institute of World Economics and International Relations of the USSR Academy of Sciences have estimated that if the proposals contained in Mikhail Gorbachev's statement of January 15, 1986, were to be realised, the United States could save by the year 2000 roughly \$1 trillion, and Western Europe—almost \$300 billion.

The worth of the ultra-optimistic claims about the existence of some kind of "neo-capitalism", allegedly capable of balanced and

crisis-free development, is now clear even to bourgeois economists. The financial director of a TNC has admitted that "we have lost our way".¹ One West German journal says that the world capitalist economy "is entering the final quarter of the twentieth century with a profusion of problems, uncertainties and causes of confusion and pessimism as faced seldom before in history. The unbroken optimism about continual growth until recently has given way to all-pervading resignation and skepticism."² Alvin Toffler has described the capitalist economy as careening on the brink of disaster, as the "eco-spasm or spasmodic economy".³

Under these circumstances, bourgeois economists have been forced to rehash their economic growth doctrine from fast to slow rates, on the pretext of the need for a radical renewal of the economic and ecological system of the modern world. A new paradigm has already been adopted by many experts, suggesting the "feasibility of sustained growth" at "reasonable rates".⁴ Such ideas have been repeatedly aired by the political leaders of the capitalist world, in particular at meetings of the Big Seven.

There is a ceaseless but on the whole futile search in the capitalist countries for ways of overcoming the deep crisis of the entire system of state-monopoly regulation of the economy and its radical restructuring. Such regulation may have yielded an effect during the upward phase of the cycle in the 1960s, but it has proved to be altogether unworkable in the period of economic development which has followed. That is quite natural. The coincidence of inflation and mass unemployment, of cyclical and structural crises has created in the economy of world capitalism not only an unusual but also an unusually complicated situation, which makes the arising problems intractable and the state-monopoly regulation of the economy and the social relations much less effective. Indeed, it is impossible simultaneously to conduct a policy of anti-cyclical stimulation of production growth in order to combat the crises, the stagnation and the unemployment, while pursuing a deflationary policy of brakes on economic development in order to contain or damp down inflation as far as possible.

Under the general crisis of capitalism, the capitalist state has limited scope for economic and social manoeuvring. The crisis processes which have multiplied in the highly developed state-monopoly economy of the postwar period have highlighted the low effectiveness and contradictory nature of state intervention in the capitalist countries' economic life. They have exposed the inadequacy of the mechanism of state regulation to the problems which arose in the fundamentally new situation of the 1970s and the subsequent period, when the conditions of reproduction became more complicated and on the whole substantially worse, the problem of mar-

¹ *Le Nouvelle Observateur*, No. 802, March 24-30, 1980, p. 24.

² *Intereconomics*, No. 2, February 1975, p. 34.

³ Alvin Toffler, *The Eco-Spasm Report*, Toronto, N.Y., L., Bantam Books, p. 51.

⁴ *Towards Full Employment and Price Stability*, a Report to the OECD by a Group of Independent Experts, June 1977, Paris, OECD, p. 179.

keting was aggravated, and cyclical economic crises became deeper and more protracted.

The new situation has thrown a harsh light on the impotence of state-monopoly capitalism—despite the fact that it has developed into a major economic and political force—in tackling the all-encompassing problems of harmonising and ensuring the proportional development of capitalist production and overcoming its uneven and cyclical character. The state is incapable of coping with the capitalist market element or causing the “transformation” of capitalism as advocated by bourgeois economists. “No ‘modifications’ and manoeuvres by modern capitalism have rendered invalid or can render invalid the laws of its development, or can overcome the acute antagonism between labour and capital, between the monopolies and society, or can bring the historically doomed capitalist system out of its all-permeating crisis,” says the new edition of the CPSU Programme. “The dialectics of development are such that the very same means which capitalism puts to use with the aim of strengthening its positions inevitably lead to an aggravation of all its deep-seated contradictions.”¹

The crisis of the world capitalist economy has been superimposed on the contradictions within the national economies, and its mounting difficulties are also a clear manifestation of the incapacity of the existing system of state-monopoly capitalism to adapt to the new situation in the world. The foundations of the old structure of the international capitalist division of labour have been undermined, and the crisis processes have been spreading throughout the whole system of capitalism’s world economic and interstate relations. The quantum of international capitalist trade shrank for three years running during the world economic crisis at the beginning of the present decade, and this led to sharper competitive in-fighting for marketing outlets, and to a growth of dumping and protectionist trends in old and new forms.

The crisis pervading the world capitalist economy has been largely sharpened by the fact that it is being eroded and considerably disrupted—much more so than ever before—by two types of contradictions: first, those within the system of the imperialist states, and second, those between imperialism and the national liberation movement, in other words, between the two main zones of the capitalist system, the developed and the less developed.

The web of new colonialist relations of dependence, subjugation and exploitation, by means of which imperialism fetters the countries that have won their national sovereignty, keeps being broken through in many places. Once an object of imperialist policy, the less developed countries have become an independent and ever mightier factor of international relations, and their positions and influence in the world capitalist economy have been growing. The aggressive policy of domination and diktat conducted by the neo-colonialists, primarily of the US stock, cuts across the objective interests even of the erstwhile colonies and semi-colonies where the capitalist system has been established.

¹ *The Programme of the Communist Party of the Soviet Union*, p. 18.

The dialectics of the world social process lie in the fact that the politically independent development of the states of Asia, Africa and Latin America does not strengthen, but markedly weakens imperialism, stripped of its colonial hinterland and reserve, and with it the whole of world capitalism, so producing more and more weak spots in it and deepening the general crisis of that economic and social system.

It is ever more obvious that imperialism is unable to deal with the socio-economic and political consequences of decolonisation and an unprecedented scale of the STR. The capitalist system has entered upon a period of deep destabilisation, although it still has considerable reserves at its disposal. Its ruling forces have been trying ever harder to use military means to keep the system going. But in the nuclear age that is a recipe for universal disaster, instead of victory. As this truth is gradually driven home, it could have a great influence on every aspect of capitalism's economic, social and spiritual development—provided the comprehension does not come too late.

Comprehension of the peculiarities and prospects of capitalist development is an essential prerequisite for conducting the foreign-policy course and international strategy of the Communist Party of the Soviet Union and the Soviet state. Capitalism is the society with which we have to coexist in the nuclear age, to seek ways of cooperation and mutual understanding, and to carry on a historical contest for mankind's social future in peace. It is also a society whose experience in economic activity and development of productive forces needs to be viewed in objective and well-considered critical terms.

The documents of the 27th Congress of the CPSU contain an in-depth scientific and innovative analysis of the capitalist society, of the main lines and peculiarities of world development, and of the dialectical unity and struggle of the two opposite social systems: capitalism and socialism. The theoretical and political conclusions and ideas formulated by the Congress have stimulated social scientists to further fruitful and creative efforts in studying the tendencies and contradictions of the modern world.

Loyalty to the Marxist-Leninist doctrine consists in its creative development in the light of the available experience. Inertness and stagnation of thinking are simply intolerable. Mikhail Gorbachev says: "The *concrete* economic and political situation we are in, and the particular *period* of the historical process that Soviet society and the whole world are going through, require that the Party and its every member display their creativity, their capacity for innovation and ability to transcend the limits of accustomed but already outdated notions."¹

The task set by the Congress of taking a fresh look at some of the theoretical notions and concepts and of summing up the phenomena and processes developing in the modern world can be fulfilled only through a bold and creative approach to the new realities.

¹ Mikhail Gorbachev, *Political Report...*, pp. 5-6.

2

FROM THE STEAM-ENGINE TO THE COMPUTER: SCIENCE, TECHNOLOGY, MAN

1. Capitalism and Scientific and Technical Progress

Scientific and technical progress "exercises a tremendous influence on all the processes that are going on in the world, on its contradictions"¹ but does not abolish the laws of social development, its social meaning and content, it was emphasised in the Political Report of the CPSU Central Committee to the Party's 27th Congress. Scientific and technical development over the past two decades has created fresh potentialities for the growth of the capitalist economy, while deepening its organic antagonisms and producing new contradictions within it.

Let us recall how it all began. Capital, once dominating usury and trade, began to take over the sphere of material production in the 18th century. There was a ripening of conditions for an industrial revolution, which was manifested above all in the development of working machines, first of spinning and weaving looms and then of a universal steam-engine. Marx wrote in his *Capital*: "It was ... the invention of machines that made a revolution in the form of steam-engines necessary."² He added: "The implements of labour, in the form of machinery, necessitate the substitution of natural forces for human force, and the conscious application of science, instead of rule of thumb."³ The industrial revolution caused sweeping changes in the capitalist society and culminated in the 19th century in the start of production of machines by means of machines, i.e., in the creation of industrial engineering.

Working machines, the steam-engine, the steam locomotive and the steamship, all products of the 19th century, expanded man's potentialities and the effectiveness of his influence on the forces and substances of nature to an incredible degree and immensely increased the productivity of human labour. Even at that stage in the development of the social productive forces, capital did not,

¹ Mikhail Gorbachev, *Political Report...*, p. 11.

² Karl Marx, *Capital*, Vol. I, p. 355.

³ *Ibid.*, p. 364.

of course, operate as a selfless champion of progress, but only as a seeker after higher profits. At the very dawn of machine production, "these powers, which by right belong to mankind, became, owing to the influence of private property, the monopoly of a few rich capitalists and the means to the enslavement of the masses".¹ The industry created by big capital separated science from labour as an independent potential of production and made it serve capital.

Capitalism's very first steps in material production on the basis of the new hardware and technology led to the ruin of hundreds of thousands of handicraftsmen, to their mass proletarisation, to the growing factory exploitation of female and child labour, and to an offensive by capital against broad strata of the working people. The pressure of the iron heel of capital was somewhat eased only as a result of the workers' persevering struggle for their rights, first, in the form of economic struggle within trade unions, and then political struggle under the banner of proletarian parties.

The maturing of industrial capitalism was one of the major prerequisites for the emergence of a truly scientific theory of social development, with its components of materialist philosophy, political economy and scientific communism. It was developed by Marx and Engels and showed the working people not only the laws of the capitalist system but also the ways of its revolutionary transformation into a classless society. The Communist Manifesto became the scientific programme of politically conscious working people, and the First International, the first form in which the international, truly revolutionary working-class movement was organised.

The natural sciences developed ever more rapidly in the 19th century, but were not yet closely connected with each other or with production. Science largely remained the business of individual scholars, their discoveries usually took a long and tortuous way to reach hardware, technology and practice. Still, it was the scientific discoveries in the late 19th and early 20th centuries that prepared the new phase in the cognition and transformation of the world, signifying a radical change and improvement in the material facilities available to production and everyday life. The basis for a fresh scientific and technical upswing in capitalist production was made up of the outstanding discoveries in chemistry and physics, mathematics and biology, the first technical inventions in the generation and use of electric power, liquid fuel, radio waves and X-rays. Internal combustion engines and automobiles, electric motors and diverse electric appliances, man-made and synthetic objects of labour went into mass production, while radio broadcasting and film-screening became generally accessible.

The development of new hardware and technology for mass production simultaneously became one of the foundations for the concentration and centralisation of production and for the emergence of monopolies, the dominant socio-economic subject of the capitalist society in the 20th century.

¹ Frederick Engels, "The Conditions of England", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 485.

While the progress of science, technology, production and the mass media improved the material and technical facilities available to the society, so changing working and living conditions apparently for the better, it produced more privation and misfortune for the working people because of the capitalist form of social relations. "By increasing the productivity of labour," Lenin wrote, "technical progress enables the capitalists to intensify their exploitation of the workers..." And this, in turn, "leads to a growth of unemployment, poverty, exploitation, oppression and degradation".¹

At the new stage of scientific and technical progress, imperialism was armed with unprecedentedly powerful means for annihilating human beings and carrying on its fight for a partition and repartition of the world: "It is the first time in history that the most powerful achievements of technology have been applied on such a scale, so destructively and with such energy, for the annihilation of millions of human lives."² Under capitalism, the death-dealing function of science and technology has kept growing throughout the whole of the 20th century, being manifested during the First World War, and especially during the Second World War, in the subsequent arms race imposed on the peoples by imperialism, and in the ever greater orientation of scientific and technical development towards the improvement of means of destruction and annihilation. Imperialism seeks to turn into instruments of armed violence such outstanding scientific and technical discoveries of the 20th century as the release of the energy of the atomic nucleus, the discovery of laser and neutron radiation, the development of diverse unmanned and manned space vehicles, and many others.

The STR era, with its intensive integration of science, technology and production, began after the Second World War. Regardless of where it has been most markedly developed up to now, the STR is objectively connected with the social revolution that has been the hallmark of the 20th century. It is proceeding as socialism strengthens and expands its positions in the historical contest and competition between the two world systems, with the Soviet Union and the other socialist countries making a generally recognised contribution. A distinctive feature of our time is the combination of deep-going shifts in social relations and the revolution in science and technology: a new and higher stage in the development of the society and of man himself in their interaction with nature must correspond to the new and higher level of production technology.

The first stage in the current STR was marked by an especially rapid development of chemistry and chemical technology, the science of the structure of the atom and nuclear hardware, theoretical and practical space travel, microelectronics and the computer. What has been enumerated is, of course, only a part of the substan-

¹ V.I. Lenin, "Material for Working Out the R.S.D.L.P. Programme", *Collected Works*, Vol. 41, 1971, p. 44.

² V.I. Lenin, "Joint Session of the All-Russia Central Executive Committee, the Moscow Soviet of Workers', Peasants' and Red Army Deputies and the Trade Unions, June 4, 1918. Report on Combating the Famine, June 4, 1918", *Collected Works*, Vol. 27, 1977, p. 422.

tial content of the progress of science and technology in this period, but it seems to reflect the major and long-term advances.

Indeed, the progress of theoretical and practical chemistry led to the development of hundreds of thousands of new intermediate and end-products and materials with pre-set properties, and to the use of new chemical technologies in the treatment of raw materials and semi-finished products. The use of the energy of the atomic nucleus laid the foundations of the nuclear-power industry and techniques for dividing and combining elementary particles of matter. Powerful electronic computers, which were rapidly perfected, brought about fantastic advances in computation and measurements, the storage of available and the creation of new numerical information, and the control of production and other social activity at various levels. Finally, the leap from theoretical cosmonautics to the actual exploration of outer space not only enlarged the horizons in the study of the solar system and the universe as a whole, but also helped better to understand and use our planet and the surrounding space for practical purposes.

This period was also marked by the massive spread of the producer and consumer hardware which embodied the discoveries and inventions of the past and present. Within two or three decades, car and plane, radio and television, refrigerator and washing-machine became man's habitual material accessories and aids. Liquid fuel and electric power became the main sources of energy for countries most rapidly industrialising their production, distribution and consumption.

The ever deeper cognition of the world and penetration into the mysteries of its micro- and macro-structure and dynamics became ever more complicated and complex, an integration of analysis and synthesis. New methods and fields of knowledge and new lines and branches of science originated at the interface between the traditional sciences. Theoretical and experimental research was provided with powerful industrial facilities and equipped with the most sophisticated hardware, entering upon an epoch of industrialisation and overtaking or even outstripping many spheres of production in terms of technical equipment along its main lines. The fabrication of scientific instruments and devices has become an independent and rapidly growing industry in many developed countries, and its product, an important commodity in international exchange.

The changing character of the connection between science and practice has likewise turned out to be highly important for mankind's development, so realising the vision of the great Russian scientist Dmitry Mendeleyev, who wanted a two-way bridge to be erected between science and practice.

The monopolies and the bourgeois state in the developed capitalist countries tightened their grip on scientific and technical creative effort, and made research and development serve the interests of the ruling class. Research and production units for product, hardware and technology improvement appeared within the framework of monopolies. Many of the biggest ones, especially in the

military and technical fields, worked on billion-dollar contracts awarded by the capitalist state for fabricating new means of destruction and annihilation. Capital is increasingly involved in financing basic research at universities and academic institutions with emphasis on discoveries and inventions in fields holding promise of further advantages in the competitive fight on the national and international markets.

In the course of this century, therefore, science and technology have been gradually converted into a direct force catering for capital's basic economic, political and social laws of functioning and reproduction. Once it had secured control of this key sphere of human intellectual activity, capital turned its results into an important commodity: the licensing of new hardware and technology has become a high-growth industry and a most profitable sphere of domestic and foreign trade.

That is why the purposes for which the fruits of the STR are being used have become one of the basic issues in the on-going social and political struggle. It is not science and technology as such that pose a threat to peace and turn against mankind, but imperialism and its policies, says the new edition of the CPSU Programme. Lenin said: "...Socialism alone will liberate science from its bourgeois fetters, from its enslavement to capital, from its slavery to the interests of dirty capitalist greed."¹

But even in these conditions, which tend to limit and distort the STR's role and place in the life of mankind, it has continued to run in the capitalist world and entered upon a new stage in the 1970s.

2. Science and Technology Today and Tomorrow

What is typical of the current stage of scientific and technical development? It contains many strands, but the most salient ones are electronic automation of research and development itself, of material production, of circulation and everyday facilities.

The development and rapid improvement of electronic computers (miniaturisation, a fantastic increase in the speed and volume of operations) and the ever lower cost of fabricating the computer core—the microprocessor—have opened up boundless scope for further automating various aspects of human activity. Computers are taking over more and more functions in controlling machines and mechanisms in accordance with pre-set programmes taking account of normative requirements for labour operations. There is massive fabrication and spread of machine-tools and machining centres with numerical control. Diverse electronic-mechanical manipulators, which were christened "robots" 60 years ago by the well-known Czech writer Karel Čapek, are being ever more widely used.

Alongside the automation of control of individual machines and

¹ V.I. Lenin, "Speech at the First Congress of Economic Councils, May 26, 1918", *Collected Works*, Vol. 27, p. 411.

groups of machines performing a series of operations in a definite technological sequence, and the robot-manipulators, there has been a gradual development of electronic automation of the control process on a higher level as well. Enterprises, companies, and individual forms of human activity within the local, national and international framework have been put under computer control, but in the sphere where decisions and acts are rarely normative or automatic, computer devices are used above all for the accumulation, storage and issue on demand of extensive and wide-ranging information. Computers are also used for rapid cumbersome calculations and computations. Acting in this role, computers have been churning out a growing volume of new quantitative information, the basis of progress in all the sciences and technical creativity.

Within less than forty years of coming on the scene, computers have travelled a truly unparalleled way of qualitative perfection, ever higher efficiency and adaptation to human needs. What are the main milestones on this way? What are its prospects until the end of this century? Here is a widely accepted chronology of the process.

The *first generation of computers* was assembled on the same kind of tubes that were used in prewar radio receivers. One computer of this type, the ENIAC, built in the United States in 1946, occupied an area of 150 sq m and weighed 30 tons. It contained 18,000 tubes, some hundreds of which failed every day, and cost \$5 million (\$30 million in 1986 prices). Despite its large size, it could perform only simple calculations, such as anyone can now make on a pocket calculator.

The *second generation of computers* came on the scene with the invention of the transistor in the United States in 1947-1948. This was a relatively small semiconductor which substituted for the tube. With the introduction of transistors, the prices, size and power consumption of computers were sharply reduced, and their capacity sharply increased. In the 1960s, transistors were miniaturised to a thousandth of their previous size, computer memory was amplified, and retrieval of accumulated information accelerated.

The *third generation of computers* emerged and developed with the invention and rapid perfection of so-called integrated circuits, each of which contained on a single monolithic plate a large number of components transforming and processing the incoming information. In the first half of the 1960s, the level of component integration in one circuit was still relatively low (small-scale integration) and involved some tens of components; in the second half of the 1960s came the stage of medium-scale integration (hundreds of components), and in the 1970s—large-scale integration (from thousands to millions of components). The process has still to run its full course, and one could well expect millions of semiconductors to be integrated in each of the super-large integrated circuits (SLICs). These SLICs were used to develop the super-large high-speed computers now being widely used in various fields of information and computation. As early as 1975, com-

puters of the new design were able to perform a monstrous 100 million operations per second.

The *fourth generation of computers* came with the invention of the microprocessor, a type of integrated circuit consisting of a silicon chip less than 1 sq cm in size. Thousands of semiconductors are positioned on the chip by means of a combination of photolithographic and chemical processes (and now also with the aid of lasers). The microprocessor—a microchip computer—was first developed in the United States in 1971 and consisted of 2,250 semiconductors. The computer memory was also switched to microchips and has undergone a fantastic miniaturisation: a chip with an area of 1 sq cm has the capacity to memorise with the aid of magnetic waves up to 5 million bits of information, but even that is not the limit, and the memory volume is expected to be trebled.

The miniaturisation of the basic units of electronic computers has made it possible to fit them into very small mini-computers and microcomputers, and also—and this is even more important—into any mechanisms and machines as the governing unit. It is the miniaturisation of processors and memory units, with a rapid reduction of their cost, that has paved the way for mass production and use of pocket calculators, robots, and electronic control units in producer and consumer facilities.

The revolutionary development of electronic computers has proceeded with the further perfection of their quantitative parameters, such as speed, information volume and reliability, with greater flexibility and autonomous operation without human interference, and with ever more diverse forms in which information is acquired and retrieved.

Intensive efforts are now being put into developing a *fifth generation computer*, above all in the United States and Japan, the two main rivals in this field. These computers will have the capacity to process non-numerical information, to “understand” human speech, photographs, graphs and other symbols used by man. By 1990, the Japanese expect, the computer’s vocabulary will top 10,000 words, and computers will be as easy to use as telephones. They are also expected to be much smaller than their predecessors and much faster in operation.¹

This means, therefore, further progress in the creation of an “artificial brain”, and the practical results could apparently be in evidence by the end of this century and the beginning of the next. What is more, there is the prospect of molecular electronics in the making, with the molecule, possibly including a molecule of living organism (biochip), being the memory unit medium.

It takes vast amounts of capital to manufacture computers and machines in which they are used, and the result has been a marked increase in the science-intensiveness of many industries. Besides, from the outset the computer generated a new type of intellectual and occupational activity: the conversion of a part of man’s mental activity into computer operations, chiefly the development of vari-

¹ See *Business Week*, December 14, 1981, p. 66.

ous "languages" for translating external information into numerical speech "understandable" to computers, and the development and multiplication of a rapidly growing number of programmes of ever greater complexity, in accordance with which computers perform operations required by man. Hundreds of thousands of specialists are already engaged in computer programming: only in the USA there were 360,000 of them in 1983. Programmes and their disk packs have become an integral part of all computer sets, a mass product of enterprises and firms specialising in this field, a commodity whose manufacture has attracted ever larger amounts of capital, and whose sales yield large and rapidly growing profits (in 1985, the capitalist world's total was \$13 billion, and in 1986—\$17 billion).

Finally, the computerisation of management and control at every level led to the development, improvement and increasing output of various devices linking up man and computer, both for the storage of information and for its use (all manner of transmitting and terminal devices).

The following examples show the scale of production and use of computer hardware in the capitalist countries, and the profits capital has been reaping in this sphere of application. The sale of components and electronic equipment in 1984 came to nearly \$163 billion in the United States, to almost \$82 billion in Western Europe, and to over \$75.7 billion in Japan.¹ In 1985 alone, the American firms sold personal computers worth of \$21.4 billion on the world capitalist market.

What are the prospects for further growth in the use of computers under capitalism?

In this context, it pays to have a look at robots, which are characteristic of the present and coming stages in the computerisation of material production.

To begin with, let us note that no generally accepted definition of "robot" has yet been worked out, and it means different things in different countries. Thus the Robot Institute of America suggests a fairly precise definition: a "reprogrammable multifunctional manipulator"² designed for the transfer of materials, components, tools or special devices by means of changing programmed movements. Among the basic technological processes and operations in which use is made of manipulators equipped with computers (containing the robot's work programme), are point and arc welding, spray painting and surface conditioning, assembly-line batch production of components and some mechanisms, lorry loading, pressure smelting and casting of metals, handling of the object of labour and the finished product, and technical control. Although robots are still fairly primitive (and cannot completely imitate the workers for whom they substitute), these electronic and mechanical manipulators are capable of performing a great many production operations faster and with greater accuracy than man. It has been

¹ *Electronics Weekly*, January 11, 1984, p. 32.

² *American Machinist*, December 1982, p. 73.

estimated, for instance, that a welder spends no more than 30 per cent of his working time in actual welding, while a robot performs this operation during 90 per cent of the time of its "working cycle".

There are already many robots today, and there will be more tomorrow. In 1985 Japan had 65,000 industrial robots, the United States—14,500, the FRG—6,600, and Great Britain—2,600. In 1981, industrial-robot sales in the capitalist world first topped \$1 billion, and the figure is expected to go up to \$10 billion by 1990. According to US estimates, industrial-robot sales in the United States are to increase from \$100 million in 1980 to \$3 billion in 1995, with the number of industrial robots expected to go up quite rapidly. By the end of the century, the United States could well have hundreds of thousands of industrial robots.

Robots are, of course, a tremendous stride forward in automating production processes and a fundamentally new superstructure over the mechanical, electromechanical and other types of automation extensively used in the "pre-electronic" period, mainly in mass and large-batch production. Such automation is not, of course, abolished by the development of electronics; the robots of today are still incapable of performing most of the operations in industrial production, because "most tasks are too complex and unstructured, involve too many uncertainties, or require too much ability to see, feel and adapt to changing circumstances".¹

Robots can be expected to be further improved by the end of this century as these substantial constraints in their structure and "capabilities" are eliminated. The robot of the 21st century is expected to have artificial "sense organs" (above all "sight" and "hearing"), to be able to learn from its own "experience" and modify action programmes on its own. US specialists say that this will require much research and design efforts before the goal is eventually reached. As a result, great scope will be given to the use of robots in branches of production.²

The expected improvement and spread of robots will signify an important advance towards complex automated engineering plants. The development and growing use of flexible automated systems points in the same direction. In their most consummate form, flexible automated systems consist of a group of machine-tools with electronic (programme) control linked up by an automatic transport-accumulator line (in particular, with robotised trolleys). These systems are "flexible" in the sense that they make it possible to machine components of varying size, for different periods of time, and in batches of differing size. There are still not many flexible systems in the capitalist countries (in 1985, the United States, for instance, had 70 to a total value of over \$250 million). However, they are expected to spread fairly rapidly and to cause a real revolution in the manufacture of machines and all kinds of equipment. These systems are adapted to medium-batch electronic-

¹ *The Futurist*, February 1983, p. 23.

² *The New York Times*, March 7, 1982, p. 20E.

automated production, whereas their predecessors, the individual numerical-control machine-tools, were used in small-batch production.

It is not only material production that is affected by computerisation, whose development leads, among other things, to the transformation of information activity at every level and to the formation of powerful information-industrial complexes, both national and international.

The rapid swell of diverse information over the past several decades has been called the information explosion. What does this signify in the West?

Considering the "explosion" of scientific information alone, it could be characterised as follows: at the beginning of the 19th century, scientific knowledge tended to double within a period of 50 years, in the 1950s, within 10 years, and in the 1970s, within 5 years. Soviet scientists have estimated that the number of scientific information documents transferred only through "formal channels" (scientific periodicals, books, pamphlets and special networks, etc.) could total almost 60 million units per year for the whole world by the year 2000.

The volume of information consisting of economic, political and social facts has been growing rapidly; it is important not only for production control, corporate management and state administration, but also for the life of individuals and the behaviour of social groups and collectives. Without it it is impossible to take any decisions valid not only for the present, but also for the relatively distant future. Such information assumes various forms: verbal, numerical, visual and audible.

Solid bourgeois prognosticators addressing the Fourth Assembly of the World Future Society in July 1982 estimated that 71 per cent of the labour force in industrialised countries will work in the information and communications sectors of the economy by the year 2000, a large increase from the estimated 50-55 per cent in the 1980s.¹ The computerisation of this activity, which does not deal with material objects but with symbols in their numerical, verbal, figurative and other forms, is seen as one of the most important lines of the present stage of the STR in terms of consequences.

Among the important component parts of the industrial-information complex in leading capitalist countries are large storage centres where diverse information is systematically processed and issued: hundreds of data banks, some specialised in the various fields of science and technology, and also computing centres equipped with large computers. They service general and special communications networks, with the relevant information received and transmitted via communications satellites.

Every unit of the industrial-information complex and every result of its activity in the capitalist countries tend to become ever more important as a sphere of capital investment. Target information it-

¹ *The Futurist*, June 1983, p. 35.

self has become a commodity in great demand: scientists and groups of scientists want to have information about the research and experimental projects under way in the world, about their results, abstracts and copies of the relevant publications, factographic data on the Earth and outer space. Those who run military departments and production, commercial and financial enterprises must have data on the output and sales of various products nationally and internationally, stock-market and foreign-exchange rate quotations, the movement of capitals at various levels, and so on.

Finally, there is a rapid growth of the "consumer component" in the form of a wide network of home-based information terminals, enabling the owner to use visual displays to perform various financial and commercial operations, to obtain instant information on the work of transit, entertainment and other public establishments without leaving the home.

Computerisation has most rapidly invaded office, secretarial and managerial work. Electronic networks and devices for swiftly obtaining, processing and issuing information in facsimile, print-out, verbal and numerical form immensely increase the speed, reliability and efficiency of office work.

The real proportions of the "information complex" will be seen from the following data. There are 1,300 data banks in the non-socialist world, and more than 75 per cent of these are in the United States. The value of the information services market is estimated at several billion dollars.

The computerisation of information activity at every level calls for vast investments and current outlays. We have estimated, for instance, that the cost of setting up and using various information systems came to over \$20 billion in the United States in 1970, over \$40 billion in 1975, and over \$80 billion in 1980. Even if these outlays will not double every five years for the rest of the century, as they did in the 1970s, by the year 2000 they could cost hundreds of billions of dollars, a vast expenditure that capital would, understandably, not have risked but for the promise of vast profits. It is, of course, extremely hard to obtain any exact figure for actual and expected profits in the various fields of the production and use of information, the production and sale of electronic information devices, but even the estimates are highly impressive.

According to some estimates, electronic informatics has enabled some corporations and enterprises to save up to 7-10 per cent on managerial costs, and up to 7-20 per cent on general overhead expenses. A sizable part of these economies has been made from the marked reduction in the inventories of raw materials, intermediate and finished products as a result of swifter and more precise co-ordination of supply and demand for goods and services.

A great future is predicted in the capitalist countries, notably in the United States, for "stay-at-home work", i.e., the performance of various assigned duties without leaving the home, at a workplace equipped with diverse electronic devices and communication links with a great many offices, including the employer and his central

computer into which is fed everything that has been done "at home". There are now several thousand men and women doing such work in the United States (they are called "teleworkers"), and forecasters have estimated that by 1990 the number will have increased to 10 million.¹ Experiments with electronic-based "stay-at-home work" are also being conducted in Japan. It is assumed that this form of labour organisation is most suitable for translators, programmers and other specialists whose constant presence at their workplaces is not necessary and does not affect the results of their activity. Among the advantages of "stay-at-home work" is working according to one's own schedule, reducing tiredness, and economising on fuel when driving a car or on public-transit fares—something that is of considerable importance in present-day conditions.

There is no point here to describe in detail all the fields and forms of the ongoing and expected computerisation of human life and activity. One need merely mention the wide spread of electronic computers and technologies in medicine (notably in diagnostics), in design and development work, in teaching (in the United States, for instance, minicomputers and microcomputers are widely used in schools), and in the entertainments industry.

Electronics have also invaded households, naturally of wealthy families in the first place. By the end of the century, robots are expected to handle all house-cleaning and vacuuming, and even washing windows. "... You could leave for work in the morning, tell the robot the number of the recipe you want for your evening meal, and it would have all the ingredients and utensils laid out for you when you get home. After you cooked the meal, the robot would come and clean up. We even envision the robot being used as a baby-sitter and as a warning system to alert the family in case of fire or other emergency. And remember this: the robot does not have to sleep. So it can perform a whole list of household chores and repairs for you during the night."²

Discoveries in the biological sciences and their practical application—the emergence of biotechnology, which has been developed along new lines, especially with the appearance of so-called genetic and cell engineering, are justifiably regarded as the second revolution in mankind's productive forces along with computerisation.

Both these trends have, at any rate, progressed through the development of a set of biological and allied sciences, among them biochemistry (including bio-organic chemistry), biophysics, cell biology and technology, and genetics. The prospects before biotechnology and genetic engineering in particular are simply fantastic.

The improvement and ever wider application of biotechnology along its traditional lines includes the industrial use of biocatalysts,

¹ *The Futurist*, June 1983, p. 31.

² *U.S. News & World Report*, December 5, 1983, p. 64. That was part of an interview with Joseph Engelberger, the "father of robotics", who fabricated the first robot almost 25 years ago.

micro-organisms and living cells, with the positive prospects here involving, among other things, the development of continuous processes on the basis of durable biocatalysts, i.e., those that can be recycled for multiple use, instead of the now common one-off biocatalysts, so helping to slice costs in many technological processes. Much attention is being given to improving the technology and increasing the scale on which various farm and household waste and sewage are biologically treated, as this could yield sizable quantities of industrial chemicals and energy carriers.

But it is the emergence and rapid development of genetic engineering, which makes it possible to develop new organisms with pre-set genetic properties, that opens up the main prospects for the "biological revolution", including progress in the chemical industry. Impressive results have already been achieved in this field, thus making a substantial contribution to industrial biochemistry, medicine and agriculture. But the main successes in this field are expected to be achieved over the next 10-20 years.

The purposeful and inherited changes in some characteristics of bacteria are already being done outside the laboratory, in industry on a wide scale for obtaining new and highly important medicaments and chemicals, such as insulin and other hormones, interferon, vitamin B₂, and various other organic compounds used in medicine, which have had to be extracted from various living beings in costly and complicated procedures yielding but tiny quantities of the final product that could not be used on a mass scale.

Considerable successes in producing a great many organic chemicals for medical and nutritional use will undoubtedly be achieved in the genetic transformation of microorganisms, but the greatest prospects are being opened up by the modification of inherited properties of agricultural plants and animals with the employment of the techniques of genetic engineering, all the way to the creation of altogether new species with improved properties useful to man. A new "green revolution" could well be in the offing when agricultural plants are made capable of fixing nitrogen directly from the air, increasing the quantity and quality of their substances assimilated by man, such as proteins, sugars and vitamins. Genetic scientists say that one will see growing in the fields some twenty years from now a plant "with edible leaves, like those of spinach, rich in proteins, like beans, with potato-like nutritious tubers, roots assimilating nitrogen from the air, and stems yielding a useful fibre".¹

Genetic engineering could well bring about a real revolution in livestock breeding. Artificial insemination, the transplantation of embryos, sex control and various other techniques have already been markedly improved through genetic selection, so radically transforming the age-old methods in the breeding of farm animals: results which used to take centuries to achieve, can now be had within months. It has been estimated that improved breeding on the basis of a better knowledge of the mechanism of heredity could

¹ *Wirtschaftswoche*, January 21, 1983, S. 71.

well help to treble annual milk yields per milch cow.

It is true that for the time being the restructuring of the genetic system of the higher animals is confined to laboratory experiments, but one could well expect great advances in this field over the next ten years. Modern industrial livestock breeding is being radically transformed and its efficiency boosted through the extensive practical application of these achievements.

Those were only two of the STR lines which hold promise of cardinal and largely revolutionary advances in production and the whole of social life over the next several decades, but substantial results are also bound to be obtained and realised in practice in many other fields of science and technology in that period.

Permanent orbital stations, inhabited by more and more people, shuttle-type vehicles, and other devices will help to infrastructure outer space. Much of what is happening down here on the Earth can be better discerned, comprehended and recorded by space hardware. More and more pure and specific products which cannot be made in terrestrial conditions will be fabricated in space. Ever larger flows of information over ever longer distances will be transmitted across space. But it should be stressed in this context that imperialism has a destructive role to play in the exploration of space, too. The US MIC regards space as just another sphere for the spread of militarism, working to improve and develop space weapons and to prepare for Star Wars. It is regrettable that public opinion in the capitalist world has yet to respond adequately to this mortal threat posed by US imperialism to mankind down here, on the Earth, and out there, in space.

The peaceful uses of the atom have far from been exhausted. Industrial thermonuclear reactors could well be started by the end of the century or shortly afterwards as the generating core of a totally new type of electric-power plant. This will mean a great advance in nuclear energetics, and will help to make the fuel and energy complex more economical and less dependent on mineral fuels.

Nor is there any doubt that before the end of the century there will be a wide spread of substantially improved energy-saving hardware and technology of all types, including that based on electronics. Solar energy, heat from the depth of the Earth, and the temperature differential of sea water will be ever more widely used to generate electricity. The production of synthetic liquid fuel from coal, bituminous sandstone and other potential sources will develop and spread.

The development and treatment of various materials could well be expected to show marked progress. Important practical results have already been achieved, for instance, in fabricating "such unconventional materials as ceramics and polymers that conduct electricity, ductile ceramics that can be stamped to shape, metal powders that can be combined to yield alloys never before made, plastics derived from nonpetroleum sources, and new fibre-reinforced polymer composites that will offer unparalleled performance". Technology is being developed for "cooling molten metal so fast

[using superlow temperatures] that it does not have time to form its customary crystalline structure. Instead, it solidifies as an amorphous, or glasslike, metal [of improved strength and resistance to corrosion]. Progress ... promises to spur the growth of composite materials and make them 'what aluminium was in the 1920'".¹

Scientists are using the tools of microscience to develop new ways of machining the surfaces of metal items, in particular at the molecular level. By adjusting the molecular structure of the surface of a part, for example, it may be possible to improve dramatically its resistance to corrosion or abrasion. That is a highly important line of technical progress: the US corrosion bill, for instance, is estimated at between \$70 billion and \$90 billion a year.²

At the turn of the third millennium, science and technology are expected to make a substantial advance along the most different lines. Let us now try to imagine what this will do to the society and human beings.

3. Some Social Problems at the New Stage of the STR

To begin with, let us recall the well-known proposition of Marxism-Leninism that modern man is the product of centuries of social life, which have substantially transformed his biological nature. Marx says that the "*individual is the social being*. His manifestations of life—even if they may not appear in the direct form of *communal* manifestations of life carried out in association with others—are therefore an expression and confirmation of *social life*".³

Scientific and technical development and the mass realisation of the results of the process in practice undoubtedly have a growing impact on man's social (primarily, labour) and personal life. The new stage of the STR is manifested in man under capitalism in forms which are specific to that social system, which has for its basic law man's exploitation of man, rule by monopoly capital, and maximisation of profits. The question which is most important in this context is: how can the new stage of the STR influence the change in the quantity of wage-labour required by capital? What are the prospects for unemployment, which has become a chronic scourge for human beings in the non-socialist world?

There is no consensus among bourgeois scientists and journalists on this score. The point is that electronic automation is the most important element of the current STR and it is expected to prevail at least until the end of the century, substantially boosting the productivity of living labour in the branches of material production, circulation, the services and information, thereby ousting workers and employees from these fields. At the same time, the computeri-

¹ *Business Week*, July 6, 1981, p. 33.

² *Ibid.*, p. 34.

³ Karl Marx, "[Economic and Philosophic Manuscripts of 1844]", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 299.

sation of labour and life leads to an expansion in the manufacture of new hardware, which requires to be serviced, thereby creating additional potentialities for the use of wage-labour. So far there is no unanimity among bourgeois economists as to what will be the ultimate balance between the "repulsion" and "attraction" by the end of the century.

The optimists say that electronic automation will gradually transfer wage-labour into other industries and types of activity (which will, of course, require retraining and additional training of manpower). They add that the process of technical change will be slowed down by "market forces" in view of the unwillingness of many capitalists to write off old hardware before it has fully recouped investments, or as long as it is physically capable of functioning even if it has recouped itself, and so is capital working "free of charge".

By contrast, many specialists expect unemployment to grow considerably as the "electronic revolution" proceeds in the capitalist countries. US specialists have estimated that the spread of robots alone could well reduce the number of jobs in US industry by 4 million by the year 1990. According to another estimate, even the first generation robots now in use substitute for 1.2 million persons, while the second generation robots, which have now started their triumphal march, will do away with another 3.8 million jobs; 10 to 15 million manufacturing workers, and perhaps as many service workers, could see their jobs disappear by the year 2000, say the pessimists.¹ Over the few remaining years, new technology will affect as many as 45 million existing jobs.²

The new stage of the STR is also expected to pose a grave threat to employment in the West European countries. One British study predicts that "automation-induced unemployment" of the able-bodied population in Western Europe could reach 16 per cent in the next decade.³

We believe that the movement of the actual balance of employment in the capitalist economy as a result of the computerisation of production, the services and management will lie somewhere mid-way between the two extreme magnitudes, although, of course, bourgeois specialists are quite right in stressing the uncertainty of these estimates. We feel, however, that this problem is most profound and is above all a qualitative one.

First, electronic devices are bound to expel many people from the sphere of capitalist production, circulation, services and management, with a sizable (perhaps the greater) part of them being unable to find any job as electronic automation proceeds apace, because they will be unable to retrain for activity dictated by the new hardware and technology. Thus, middle-aged women and coloured people will be unable to "re-learn" for servicing the new electronic hardware because of their age, social status and education

¹ See *Fortune*, May 16, 1983, p. 108.

² *The Futurist*, February 1983, p. 10.

³ *Time*, January 3, 1983, p. 12.

standard. Besides, capital and the capitalist state can hardly be expected to make the necessary additional efforts and outlays. "Theoretically, all unemployed workers can be retrained, but retraining programs are not high on the nation's agenda. Many new jobs, moreover, will require an aptitude in using computers, and the retraining needed to use them will have to be repeated as the technology keeps improving... Young blacks, whose unemployment rate stands today at 50 per cent, will find another barrier in front of them."¹

Second, electronic automation affects virtually every sphere of labour activity in the capitalist countries, so that whereas in the past growing labour productivity in agriculture and some other spheres of material production did result in the displacement of labour force, some of it found employment in the spheres of circulation, services and management, where labour productivity was relatively low and where the expansion of business led to the hire of additional workers and employees.

The new stage of the STR will also substantially affect the sphere of non-material production in the capitalist countries, which is why it will no longer be able to act as an accumulator of some of the relatively superfluous labour as it once did.

Third, to what extent will the growth of employment in the manufacture and servicing of electronic hardware be able to compensate for the simultaneous displacement of labour-power where such hardware is used? The well-known US economist Wassily Leontief has drawn attention to the fact that the new electronic hardware and technology have turned out to be relatively cheaper (i.e., per unit of technical efficiency) than those for which it is substituted, and that this process of cheapening has continued. In contrast to the industrial revolution of the early 19th century, when skilled labour creating and operating the machine replaced unskilled physical labour in material production, while overall employment increased, nowadays, in the age of the electronic chip, the human labour used in "mental" functions is also displaced. As a result, Leontief says, the overall demand for living labour, whether in production or in the operation of the new electronic hardware, falls far short of compensating for the loss of jobs through the use of such hardware.² The same point was also made by Gary Hart, who said that service industries provided almost 7 million additional jobs between 1970 and 1977. Today, however, "many of those same jobs—in banking, insurance, retailing, secretarial, and clerical work—are the microprocessor's principal targets".³

So, the operation of the factors making for a high level of unemployment in the developed capitalist countries is apparently bound to increase by the end of the century, thus further sharpen-

¹ *Time*, January 3, 1983, p. 12.

² It is true that Wassily Leontief soon joined the "super-optimists", having calculated that electronic automation in the United States (without other aspects of the STR) could well create a labour shortage by the year 2000.

³ *The Futurist*, February 1983, p. 11.

ing the social antagonisms of the capitalist society. The outcome of the working people's struggle in some capitalist countries for a shorter working week with no cut in wages, a lowering of the pension age, and for a trade-union say in deciding on the deadlines and scale of replacement of living labour by machines, retraining of personnel so displaced, and establishing procedures for covering the costs of their retraining could have an important influence on employment.

What are then the probable changes in the quality and content of labour under the impact of the STR and the spreading application of the practical results of this process?

On the one hand, the number of engineers, designers and technicians advancing the STR and concentrating on the creative elements of the process is bound to increase. Scientists, physicians and teachers will have greater opportunities for displaying their knowledge and intelligence through the use of electronics.

It should be borne in mind, however, that much of the activity in the servicing of electronics will be just as monotonous and unimaginative as it was in the "pre-electronic" age of the machine division of labour.

The computerisation of labour activity also entails other changes in its character, including some unfavourable ones for human beings. Long work "face to face" with a computer or a system of automated control of production processes tends to have a depressing effect on the working person and often produces an ever wider-spread phenomenon known as "cyberophobia", that is, hatred for the "electronic monster" and a feeling of repulsion. The prospects of the spread of so-called stay-at-home work with a roomful of electronic gadgets cannot be a source of great joy for the working person. Work, especially in industries related to informatics, is something that requires the stimulating effect of personal contact and an exchange of ideas. A similar problem arises with the computerisation of a large part of managerial activity, where human contacts are known to be highly important in decision-making.

That is why there is the question not only of the expected advantages of the looming conversion of the robot into "man", but also of the dangers of a peculiar transformation of the man into a kind of robot under capitalism.

Negative phenomena in the capitalist society's social and spiritual life have been spreading and are bound to go on spreading in the near future. There is the spreading spirit of national and racial exclusiveness, licence, the praise of wealth and money as the main yardstick of personal worth, and the resulting growth of crime and the spread of similar other spiritual deficiencies. The economic and social nature of capitalism is, of course, the main source of these phenomena and the deepening crisis of that historically doomed social system, but the STR has intensified the social instability of the individual in the capitalist society.

The spread of electronics to the household will certainly increase the time available for rest, leisure, entertainment, tourist travel, etc. However, the model of Western culture is not likely to undergo

any changes on that account; indeed, the computerisation of mass culture will amplify such of its forms and consequences as the spread of the cult of violence, primitivism in various forms, egoism, and social alienation.

The so-called video revolution in the capitalist countries, which enables many people to see a popular TV programme or film at any time again and again, tends to make a cult of violent "heroes", to bring pornography into the home and so spread sexual permissiveness. There is also the triumphal march of electronic games machines, yielding billions in profits for the owners of the arcades. They dull the players' minds and breed the basest instincts, just as the makers and owners of these "games" had intended in the first place. Quite realistic, too, is the prospect of "electronic drug addiction" for the fans. The US press has reported experiments sponsored by the Pentagon to find out just how electronics can influence human mentality.

One can well expect capital to make use of diverse "electronic joys", including some which now seem to be fantastic, in order to make more and more profits and divert the masses from the burdens and horrors of the capitalist society and from its mounting social antagonisms.

Electronic automation has led to the appearance of a new type of crime, namely, the use of computers for "illegal" payments and plain daylight robbery (in a progressively "cash-free" economy), and for industrial espionage. In some countries, this problem has become so acute that it has stimulated the intensive development of various computer-protection systems to prevent unauthorised use of the data and programmes fed into computer memories.

The improvement and spread of electronic facilities provides unprecedented opportunities for class espionage and political control of the population in the capitalist society. The virtually total "registration" of the basic characteristics of inhabitants in the capitalist countries in computer memories, the steady increase in these files, and electronic surveillance of those who appear to be subversive from the standpoint of the ruling class and its state—all this is an important instrument in bolstering the power of capital.

The revolutionary transformation of the material and technical basis of informatics, one should note, goes to create additional potentialities for the ever wider use of diverse mass media in the interests of monopoly capital. The growing speed and distance of mass communications in every form and the possibility of almost instant reception of information in any part of the globe, together with the control of this sphere by the monopolies, enable the ruling class of the capitalist society to exert an ever more intense and desired influence on the mass consciousness of people on the globe. That is known as "information imperialism" and is an important social and political weapon for finance capital, the MIC and the capitalist state, and a source of additionally large profits for the monopolies.

To sum up: the present stage of the STR is of great importance for the capitalist society. The electronic automation of many types

of activity earlier performed by human beings, the further penetration of science into living and non-living matter, and the incarnation of these STR achievements in the means and techniques of production, in products and forms of consumption all have a radical effect on the material and technical facilities and way of life available to the citizen and the society as a whole.

But the present stage of the STR and especially its microelectronic strand produce fresh social problems and conflicts, even more refined methods of the working people's stepped-up exploitation and spiritual repression under capitalism. For the bulk of the population in the capitalist countries there are numerous negative consequences, deepening the general crisis of capitalism, from the imperialist use of the STR to maximise profits, including in the manufacture and use of weapons to coerce and annihilate human beings in the satisfaction of primitive and often base requirements.

What most Western scientists, futurologists and publicists try to ignore is the fact that the negative aspects of the STR spring from the nature of capitalism, a fact Marxism-Leninism has amply demonstrated. They either blame these phenomena on the STR itself, or claim that these are temporary and will be automatically smoothed over by the STR, or even claim that they result from the failures and shortcomings in the policy and practice of state institutions.

The US futurologist Herbert Kahn was a frontrunner in this effort, and his views are widely advertised by his followers and supporters. His well-known book (written with two co-authors), *The Next 200 Years: A Scenario for America and the World* was an expression of his confidence that capitalism would surmount all the current and immediate difficulties, including those arising from the STR. Kahn used the trick of referring to Marx and Engels in a long quotation from the Manifesto of the Communist Party on the progressive changes in the economy brought about by capitalism, pretending not to notice that the great document compares capitalism with feudalism, and that the founders of scientific socialism simultaneously expose the exploitative substance of the capitalist social formation and the new and even greater oppression which it holds in store for the popular masses, and predict that capitalism has to give way to communism. Kahn and his followers claim that scientific and technical progress under capitalism intrinsically has "curative functions" which are to be ensured by the growing importance of the transnational corporations as innovators and generators of economic activity and motors of rapid growth.

All of that is patently at odds with the facts and with their scientific explanation by the Marxist-Leninist theory.

The examples given in this chapter demonstrate the dual nature of the STR under capitalism: it is both a further stride in the progress of human civilisation and a source of additional hardships for the working people of the capitalist world, hardships which defy any kind of "self-cures". What is more, the monopolies acting as motors of rapid growth carry poverty and hunger to hundreds of millions of people in the less developed countries, cripple and

destroy animals, plants, soils and waters, and act as "innovators" in the arms race which threatens to annihilate mankind.

Indeed, while scientific and technical development is highly important for human progress, the crucial question continues to be: who carries it on and for what purpose? The working people's struggle in the capitalist society for their rights and for social progress, i.e. the future, will show whether capital and its executive committees—the governments—will manage to capitalise on the new stage of the STR.

3

THE TRANSNATIONAL CORPORATIONS AND FINANCE CAPITAL TODAY

1. Monopoly Today: A General Outline

Free competition gave way to monopolies and associations of monopolists in the main capitalist countries at the turn of the century, as the capital of giant industrial enterprises coalesced with the banks into finance capital, which soon entered into an alliance with the capitalist state.

Traditionally, the position of individual capitalist countries in world economics and politics is often assessed in the light of the strength and potential of their nationally framed imperialisms, but the fact is that concentration and centralisation of capital are processes which do not halt at the national borders. That is precisely what Lenin predicted about the monopolies' entering upon a "new stage of world concentration of capital and production"¹. Transnational corporations (TNCs) and transnational banks (TNBs), whose growing strength is a direct outcome of the capitalist concentration and internationalisation of production, as the new edition of the CPSU Programme says, became its typical form.

In the middle of the 1980s, the TNCs controlled over one-third of industrial output, more than one-half of foreign trade and about 80 per cent of the patents for new hardware and technology in the capitalist world; some 400 TNCs, with a turnover of more than \$2 billion each, control the lion's share of international operations. The TNBs now handle funds that are larger than the state budgets of some major capitalist countries.

In imitation of the bards of the colonialist epoch, TNC and TNB managers like to say that the "sun never sets" on their sprawling empires. Indeed, in the closing decades of the 20th century, the TNCs and the TNBs appear to be the most typical capitalist economic enterprises, exerting an influence not only on economics but also on politics. The capitalist world has made no secret of the hopes it pins on the TNCs and the TNBs for a "renewal" of capital-

¹ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 246.

ism and a turn in its favour in the competition between the two systems. However, the TNCs and the TNBs are not only an embodiment of the international strength of present-day monopoly capital, but are also a reflection of the contradictions and defects of capitalism, the price the society has to pay for capitalist domination.

A relatively small group of superlarge industrial companies and banks has now taken control of the commanding heights in the economy and finances of the capitalist countries. In the United States, for instance, 200 major corporations control nearly 50 per cent of the industrial output; in Japan, four giants in 96 industries control 60 per cent, in 67 industries—70 per cent, and in 46 industries—80 per cent; in Britain, 2 companies make 75 per cent of the computers; and in Italy one company turns out 90 per cent of the cars, and another, 94 per cent of the pig iron.

The accelerated accumulation of capital by the big companies leads to growing concentration, but centralisation of capital has an equally important role to play in these processes. It is not only the small and middle business that falls victim to the takeovers and mergers, which have now also reached the top monopoly echelon. Like all other firms, the monopolies are forced to keep joining in the competitive fight and feel the blows of the crises. "Of the top 500 companies of 1900, only 70 are still on the scene [in the United States]. Of the top 100 of 1917, only 43 are among the top 100 today... Of the 200 fastest growing companies of 1940, only 30 were still in existence."¹ In other words, no monopoly is everlasting, and can stay alive only if it keeps beating back the competition.

At the early stages of concentration, competition—and takeovers and mergers with it—was mainly intra-sectoral, but the demands of continued accumulation began to drive capital into inter-sectoral competition. The indices of sectoral concentration have not changed perceptibly since the 1960s, and no longer serve as an adequate indicator of the process. Indeed, diversification by the major corporations, which means their simultaneous penetration of several sectors, has come to the fore. Apart from the objective need to combine modern production, that is due to the monopolies' urge to minimise the risks of narrow specialisation and to facilitate the transfusion of capital so as to benefit from the sectoral differentials in the rate of profit.

Accordingly, each of the 200 major corporations in the United States in the early 1980s operated, on average, in 22 sectors, as compared with 13 in the late 1960s, while for 140 corporations of the 500 leading ones, the basic and initially specialised field accounted for only about 40 per cent of the sales. It would be more correct, therefore, to assess such inter-sectoral concentration by the major companies' share in the country's GNP as a whole. In the mid-1980s, 30 companies in Great Britain and 180 corporations in

¹ *Automation and Society*, The Center for the Study of Automation and Society, Athens, 1969, p. 200.

the United States accounted for almost 40 per cent of these countries' GNP.

Diversification has changed the economic face and system of corporate management, so that their typical form today is a concern under decentralised management by groups of products (or regions), and a large volume of intra-firm deliveries, with investments, R&D and finance alone remaining centralised. Diversification has also helped to uncover some new reserves in production, but since it developed according to the laws of capitalism, it has also produced an ugly form, known as conglomerates. Their founders and owners specialised in a collection (including some for future use) of highly profitable companies without any regard for their technological compatibility, endlessly shuffling these sets of enterprises as they would a portfolio of stocks and shares. As a result, the laws governing the movement of fictitious capital began to gain the upper hand within these conglomerates over the laws governing the movement of productive capital, while technical and industrial policy was crowded out by the practices of stock-market speculation. It is not surprising, therefore, that these mixed-bag speculative congeries were hardest hit by the crises of the 1970s and the 1980s, forcing them either into bankruptcy or into the reverse process of divestment.

The industrial and banking monopolies realised their dominant position in the economy through monopoly price-formation and restrictive business practices (artificial curbs on competition). Individual companies controlling large segments of the market are in a position to regulate to a considerable extent the balance between supply and demand, and so also prices. Such regulation is made easier when several major firms prefer to make a deal with each other rather than to engage in ruinous competition. By means of patent, credit, marketing and other policies, they keep other rivals out of the market and so are able to build into their operations the desired rate of profitability on the level of monopoly profit. In other words, they are in effect engaged in a constant and purposeful intervention in the distribution of surplus-value, not only realising all the surplus-value created at their own enterprises and the additional profits to be had from technical improvements, but also taking over a part of the surplus-value of non-monopolised business, and also of the incomes of the main mass of the population.

The concentration of production and the growing capitalist socialisation has been paralleled by the establishment of ever closer economic ties between the major industrial companies and credit institutions. Under the entrenched monopoly domination, such ties have led to the coalescence of industrial monopolies with banking monopolies and to the formation of finance capital. The intertwining of joint-stock capital (the share-holding system) and personal union (interlocking directorates) are at the present time the most widespread forms of such coalescence. The ramified credit system now also provides new channels and forms of economic ties between the major industrial corporations and the credit monopolies. Under the STR, members of financial groups are knitted together

by, among other things, joint investments in high technology, research, development and engineering projects in which various industrial firms are also involved, backed with funds from the "head" bank. Computerised settlement of accounts, a procedure which "automatically" helps to concentrate the crucial economic information at the computer centres of the major banking monopolies, tightens up the economic ties within financial groups. Industrial and banking monopolies have been lately coordinating their operations for the more profitable use of high-cost specialised hardware, the joint production of software (now a highly desirable commodity), the arrangement of a system of production and financial telecommunications, and so on.

Let us note that while the progress of capitalist concentration is entirely law-governed, its extent and degree are not boundless and have historical limits. There is no question at all—as there has never been in the past—of some kind of "ultra-imperialist" trust emerging to dominate the capitalist world all alone. No concentration can ultimately escape beyond the boundaries dictated by the degree of socialisation of the productive forces and their readiness for such socialisation. It has become clear by the mid-1970s, for instance, that in many industries enterprises had already reached the limit of their optimal unit capacity, at the then existing technical level. What is more, structural shifts in the capitalist industry, including producer re-specialisation, are now frequently proceeding by the trial-and-error method, through the establishment of small enterprises and mini-plants capable of reacting more sensitively to the demands of the market. Despite the spate of bankruptcies in the capitalist countries, small and middle businesses keep regularly reproducing themselves. In some countries, the general democratic and anti-monopoly movement has secured the nationalisation of some monopoly-owned enterprises. Under pressure from the whole class of capitalists, the state has established some rules of competition and limits to concentration whose breach is unlawful (anti-trust legislation).

This means, among other things, that there are limits to the potentialities for monopolisation within the state, which is why business increasingly looks beyond the boundaries of the national markets, a process also induced by the growing trend towards the internationalisation of economic life. That is why virtually every modern monopoly now seeks to operate beyond the country's borders, so developing into a transnational corporation or a transnational bank.

2. From National to Transnational Monopolies and Banks

In this epoch of the STR, the society's productive forces "have outgrown the limited boundaries of national and state divisions".¹ Production has now reached a scale that requires global supplies

¹ V.I. Lenin, "The Conference of the R.S.D.L.P. Groups Abroad", *Collected Works*, Vol. 21, 1977, p. 159.

of raw materials and fuel and mass export of products, as a necessary condition for sustained sales.

The United States now imports over 30 per cent of its raw materials and fuel, Western Europe over 65 per cent, and Japan about 80 per cent; the United States and Japan export nearly 10 per cent of their GNP; Canada, France, the FRG, Britain, Sweden and Italy between 20 and 25 per cent; Holland, Belgium and Denmark from 30 to 50 per cent, etc.¹ As a result, external economic ties have been expanding faster than internal economic ties, to become an important and independent factor of economic growth, structural shifts and rising production efficiency.

Capital has, quite naturally, responded to these internationalisation processes and has sought to control them in its own interests from the outset. The capitalist entrepreneur regards the borders of states as an "obstacle to be overcome", as something "accidental"² and, being a commodity-owner, he very soon "becomes a cosmopolitan".³

External business expansion in the epoch of imperialism starts with the export of commodities and develops into the export of capital, with the higher rate of profit abroad mainly acting as a magnet: in 1983, the rate of return on US foreign direct investments averaged 8.9 per cent for the developed capitalist countries, 10 per cent for the developing countries, and 6 per cent inside the United States.⁴ For the 10 major industrial TNCs of France, it fluctuated from 6 to 83 per cent abroad, and from 1 to 11 per cent at home.

Still, the profit rate is no longer the sole criterion in TNC operations, and Lenin once noted that under imperialism capital was being exported "not for superprofits alone".⁵ In the commercial and economic situation of the postwar years, some corporations increasingly reach the limits of potential production growth, even with diversification, within the framework of the national markets, or in view of the limited volume of these markets, or again in view of these markets' being under a competitive status quo, and so seek to invest capital abroad. External expansion is also stimulated by the asynchronous capitalist cycle, under which economic crises in various countries do not occur at the same time, and operations abroad help to let off steam in national situations of crisis. The mounting instability and unevenness of development of the capitalist economy as a whole likewise induce business to seek additional scope for manoeuvre abroad. That is especially true of the banks,

¹ *World Bank Annual Report, 1980*, Washington, 1981. *World Bank Atlas*, 1979, Washington, 1980.

² Karl Marx, *Grundrisse der Kritik der politischen Ökonomie (Rohentwurf)*, 1857-1858, Foreign Languages Publishing House, Moscow, 1939, S. 312.

³ Karl Marx, *A Contribution to the Critique of Political Economy*, Progress Publishers, Moscow, 1977, p. 152.

⁴ *Transnational Corporation in World Development. United Nations Centre on Transnational Corporations*, Third Survey, ST/CTC/46, U.N., New York, 1983, p. 291.

⁵ V.I. Lenin, "Revision of the Party Programme", *Collected Works*, Vol. 26, 1972, p. 165.

which now strive to diversify the range of their clients to the utmost, taking care not to overcommit their funds to individual industries which could be hit by a structural crisis, or countries piling up a large debt.

Present-day competition has its specific features. In terms of prices, it requires the starting of production in countries with the lowest costs, and in terms of quality, with international producer specialisation. In the raw-materials trade, the "vertically integrated" companies have the advantage of handling all the successive stages of processing and treatment with direct outlets both to the sources of raw materials and to the final consumers. In the machinery and equipment trade, the establishment of bases for the assembly, storage, marketing and servicing of machine products becomes an imperative, and this means some kind of local infrastructure even for the conventional export of these products from the home territory. The governments of many countries, especially of the LDCs, insist that foreign suppliers produce the given products on the spot, instead of importing them. The growth of protectionism often leaves the corporations no other way out except "landing" their enterprises inside the rival's market, bypassing his protectionist barriers. Finally, imperialist integration envisages the free flow of capital.

All of these factors explain why foreign direct investments, providing the basis for TNC operations, went up from \$41,6 billion in 1914 to \$108 billion in 1967, and to \$600 billion in 1984. The TNCs present themselves as systems of internationally dispersed producer, marketing and other enterprises run from one centre on the principle of ensuring profitability for the whole aggregate of their operations.

3. TNCs: Chief Forms of Operation

In the 1920s, the industrial and financial empire of Baron Noel Schoudler, a character from one postwar French novel, could have easily collapsed, despite its vast proportions, in the event of a drop in the stock-market quotations of the shares of only one of his enterprises, the Sonchelles Sugar Refinery.¹ The TNCs now have a much firmer footing. With the control of the commanding heights of the economy at home, they have managed to secure strong positions in the economy of the host countries as well. By the end of the 1970s, their preferentially-owned subsidiaries (over 50 per cent of the stock) controlled almost 20 per cent of manufacturing output in Britain, Italy, the FRG, France, Austria and Australia, and over 50 per cent in Canada.² In LDCs, they owned 25 per cent of industrial output in Chile, 33 per cent in Argentina, 39-44 per cent

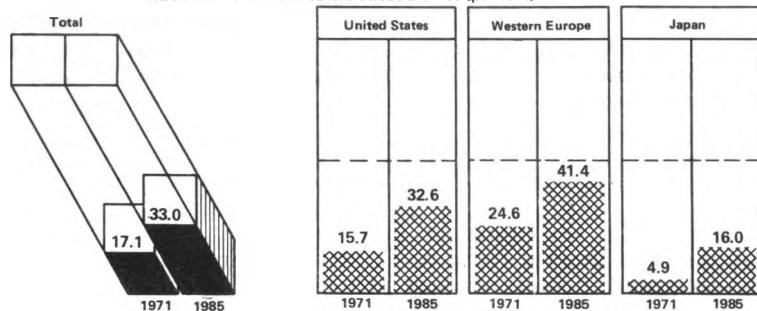
¹ See Maurice Druon, *Les grandes familles*, René Julliard, Paris, 1948, pp. 191-92.

² *International Investment and Multinational Enterprises*, OECD, Paris, 1981, p. 38.

in Mexico, Brazil, Peru, Colombia, and Malaysia, 83 per cent in Singapore, etc.¹ Together with commercial operations, a handful of TNCs control 60 per cent of the world market of sugar and phosphates, 70-75 per cent of the rice, bananas, natural rubber, oil and tin, 80-90 per cent of the wheat, coffee, maize, cocoa, pineapples, tropical timber, cotton, jute, tobacco, copper, iron ore, bauxites, and so on. The result is that "entire branches of industry, not only in single countries, but all over the world, have been taken over by monopolists in the field of finance, property rights, and partly of production".²

For its part, foreign business has been increasing its share in the overall operations of such TNCs. Foreign operations by the major TNCs could come to well over 30 per cent of their total sales. The TNCs now penetrate not only into the sphere of production and traditional trade, but ever more actively into the sphere of the services and their international exchange, a sector of the capitalist economy that has been growing most rapidly, above all in the developed countries, but also in the LDCs. International trade in the services went up from \$77 billion in 1970 to \$540 billion in 1985, so far outstripping the growth of the trade in goods. The leading positions in this sector are held by TNCs, either specialised or combining their service activity with production.

FOREIGN OPERATIONS AS A SHARE OF TURNOVER OF MAJOR US,
WEST EUROPEAN AND JAPANESE TNCs (per cent)



Scientific and technical potential has a growing and often crucial role to play in the competitive struggle at the present stage of the STR. This sphere is also dominated by the TNCs controlling a large part of the R&D and patents of the capitalist world, and also the bulk of the licence trade, which has become an important independent source of TNC foreign earnings.

In industry, TNC control is being most actively spread to the manufacturing industries, above all those based on high technology.

¹ *Transnational Corporations...*, Op. cit., pp. 136, 351, 352.

² V.I. Lenin, "The Second Congress of the Communist International, July 19-August 7, 1920. Report on the International Situation and the Fundamental Tasks of the Communist International, July 19", *Collected Works*, Vol. 31, pp. 215-16.

In the early 1980s, up to one-half of the total, including foreign, sales by the TNCs was concentrated in the chemical and electronics industries, and in general and automotive engineering.

These economic empires are run in conformity with the objective and structure of the head corporation. Where the TNCs operate in raw-material industries or where their enterprises in the host countries are involved in import-substitution, their affiliates are allowed to act fairly autonomously, being linked with the parent company mainly through their financial bonds and the supply of new technology. But this type of organisation is increasingly on the way out. With the switch to manufacturing and with affiliates simultaneously working for the local market and for export (or mainly for export), the affiliates and the parent company arrange co-production involving an exchange of parts and components, specialisation, allocation of production programmes, joint research and marketing. Many affiliates are oriented either towards the resupply of the parent company with cheaper products, or are even turned into "export platforms" oriented towards the world market as a whole. As a result, from 10 to 90 per cent of the industrial exports of some LDCs now consist of TNC affiliate products, with the share of such products coming to 10-15 per cent in France, 25 per cent in Britain, 33 per cent in Belgium, and so on.¹

TNC technical policy also has its peculiarities. The TNCs tend to concentrate R&D at their headquarters in order to keep the results within the orbit of their property and control, so that the new technology is first used by the parent company and then by its affiliates and subsidiaries, whereupon it is transferred to individual producers (in the event of there being no other variants) in an obsolete form. Thus, US TNC affiliates and subsidiaries in developed capitalist countries receive new technology on an average of 5.8 years after its first use in the United States, LDCs—9.8 years later, and license-holders and mixed-company partners—13.1 years later, i.e., after the patent rights have elapsed. The same applies to managerial experience and commercial information, which are an important trump in competitive infighting today.

Geographically, TNC investments abroad tend to cluster in countries with a voluminous internal market or large mineral reserves. That is why 75 per cent of these have gone to the developed capitalist countries, and 60 per cent of the total investments to the LDCs have gone to only a few countries: Brazil, Mexico, Argentina, Peru, Malaysia, India, Hong Kong, Singapore, and the Philippines. The TNCs usually stay out of the small and resource-poor countries, where they are attracted only by the cheap local labour-power.

The TNCs which have built up their strength try to resort to monopoly price-formation even on the scale of the world market as a whole, both individually and through deals with each other, mainly in the form of cartels, price leadership, and joint action in bidding. Thus, in the mid-1970s, an international electric wire cartel consisting of TNCs from 20 countries, sold over 65 per cent of its

¹ *Transnational Corporations...*, Op. cit., pp. 137, 155.

products at prices higher than the world prices. An international heavy electrical equipment cartel "exists for two purposes: to keep prices for its products as high as possible; and to keep its members' share of the market as large as possible".¹ The number of such examples could be easily multiplied.

It is no accident, therefore, that the TNCs usually have a higher growth rate and a higher profitability than the economy as a whole. The sales of the top 100 companies increased by almost 17 per cent a year during the 1970s, whereas the GNP of the imperialist countries grew at about 15 per cent a year. In that period, the rate of profit of the major TNCs and TNBs was also steadily higher than that of the other enterprises and did not fluctuate as much from year to year - another indication of their firm control of the market.²

4. TNCs and the Capitalist Economy

For all the novelty of the TNCs as a phenomenon, they do not in themselves signify any transition by capitalism to some new "transnational" stage. The national monopolies, assuming the form of TNCs, have up to now been growing mainly in breadth without noticeably interlacing with each other, so that it is still too early to say that some new "transnational" financial oligarchy or "transnational" state-monopoly capitalism has emerged. But even in their present form, the TNCs undoubtedly tend to produce important changes in the capitalist economy. Thus, a sizable part of the *productive forces* of capitalism are under TNC control, being increasingly shaped as international productive forces and functioning as such within the system of the international division of labour.

The *socialisation of production* is a process that has also been acquiring new features. TNC production is ripe for being taken into state public ownership, whose alternative is monopoly private ownership. The apologists of capital and the managers of the TNCs hope that these will help to direct the further socialisation of the productive forces towards the wide scope of the world market, so that its in-depth development in the individual capitalist countries does not create situations of class conflict. This makes it possible to keep the growing socialisation within the old, private-ownership integument, however partially and for however short a time.

In the sphere of *production relations*, the TNCs tend to internationalise the immediate process in which surplus-value is extracted by exploiting more than 30 million workers in other countries, thereby lifting some of the national limits for the accumulation and concentration of capital. For their part, international production relations, which in the context of the 19th century Marx regarded as only "secondary", "derived" and "transmitted",³ begin increas-

¹ K. Mirow, H. Maurer, *Webs of Power*, Houghton Mifflin Company, Boston, 1982, pp. 46, 48.

² *Transnational Corporations...*, Op. cit., p. 47; Julien Savary, *Les multinationales françaises*, IRM, Paris, 1981, p. 136.

³ Karl Marx, *A Contribution to the Critique of Political Economy*, p. 215.

ingly to acquire primary elements, no longer mediating exchange alone, but also the deep-seated conflict between labour and capital itself. In the sphere of international production relations, the TNCs operate as the main conductor of neocolonialism, reproducing through their activity the dependent and inequitable condition of the newly liberated states within the capitalist economic system.

The *reproduction process* has not remained immune to changes either, as the TNCs increasingly orient it towards external economic ties: the United States receives 48 per cent of its overall imports, and the developed capitalist countries send out 33 per cent of their exports through TNC channels.¹ The reproduction process is given fresh impulses by internationalisation, thereby creating the possibility of supply being at variance with demand on the scale of the capitalist economy as a whole, and hence also the possibility of crises.² Indeed, the TNCs have done much to give greater scope to the postwar cycle, so that the boom in their activity was naturally followed by the deepest and most protracted crisis of the early 1980s. Foreign control over entire sectors of the host economy also makes it much more difficult for the sovereign states to conduct a national economic policy and this produces an acute "nation-corporation" conflict, which will be considered below.

TNC activity has far-reaching consequences for the *international division of labour*. On the one hand, its forms are diversified, and there is a wider range of scenarios for conducting external economic operations. New economic zones are involved in international commerce, but there is also a contradictory process in which the TNCs' intra-firm division of labour is superimposed on the existing international division of labour, generating disproportions, contradictions and conflicts. The French economist Charles-Albert Michalek says: "The specialisation of nation-states ceases to be the expected result of their factorial endowments, and becomes the actual product of the choice of competitive activity by firms."³ International TNC intra-firm deliveries simultaneously provide the basis for the formation on the world market of vast closed zones (involving almost a third of international trade in manufactures), and this, together with TNC control of other segments of exchange, substantially reduces the size of free markets and the sphere of market competition in world trade.

The TNCs have, therefore, once again provided visual confirmation of Marx's fundamental conclusion that under capitalism everything seems pregnant with its opposite.⁴ While opening up fresh potentialities for the development and internationalisation of the productive forces, the TNCs tend to implant monopolistic elements

¹ Gerald Helleiner, *Intra-Firm Trade and the Developing Countries*, St. Martin's Press, New York, 1981, p. 28.

² Karl Marx and Frederick Engels, *Collected Works*, Moscow, 1980, Vol. 48, p. 141 (in Russian).

³ Quoted in: *Les multinationales en mutation*, édité par Alain Cotta et Michel Ghertman, IRM, 1983, p. 80.

⁴ See Karl Marx, "Speech at the Anniversary of the People's Paper", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 14, 1980, p. 655.

everywhere, and to internationalise their negative effects as well. Polls taken in Britain, France and Canada showed that 50.2 per cent, 45.8 per cent and 58.2 per cent, respectively, of those polled believed that the TNCs had a negative impact on their economy, while 46.7 per cent, 44.1 per cent and 52.8 per cent held their activity to be on the whole at variance with the national interest.¹

5. The Web of Bank Control in the "Electronic Payments" Age

The transition from free competition to domination by finance capital likewise signified the conversion of the banks, once a host of "modest middlemen", into a handful of credit monopolists. Today, the concentration of capital in the credit sphere is very much higher than that in the other sectors of the economy. In 1985, the assets of the 100 major US commercial banks totalled \$1,751 billion, which was more than the total for 500 major industrial corporations. The major bank today is a truly mammoth enterprise, no longer handling mere millions, but tens and even hundreds of billions of dollars. In the mid-1950s, there was only one bank in the capitalist world with assets topping \$10 billion (Bank of America); in 1985, 42 US banks and over 100 banks in other countries had over \$17 billion assets.

The centralisation of capital tends to accelerate the rise of the major banks, almost all of which have actively participated in mergers in the postwar period, with takeovers involving some very solid banks.

In most of the West European countries and Japan, the bulk of the banking resources is concentrated at a few major banks: in Britain, four major banks have about 75 per cent of the bank deposits; in Belgium, three major banks have over 90 per cent of all the bank deposits; and in Japan, six major banks have roughly 65 per cent of all the commercial bank deposits. It is noteworthy that over the past several decades, the giant banks of Western Europe and Japan have been expanding their operations even faster than the large US banks.

With the growing financial market of the major banks, the monopoly competition between them has sharpened. Besides, since the beginning of the 20th century, the commercial banks have had to face serious rivalry from specialised credit and financial institutions (insurance companies, savings-banks, unit trusts, and so on), which managed to strengthen their positions substantially in the early postwar decades at the expense of the banking firms. The share of insurance institutions in the aggregate assets of the credit system in the developed capitalist countries increased from 10.8 per cent in the 1881-1900 period to 22.8 per cent in the 1949-1963 period,

¹ See *Host National Attitudes Towards Multinational Corporations*, Praeger, New York, 1982, p. 65.

while the share of the commercial banks dropped from 42.2 per cent to 28.8 per cent.¹ But in the course of the 1970s, the banking monopolies in some developed capitalist countries managed not only to stem the active drive by their rivals but also to counter-attack in a situation of much greater economic instability and feverish fluctuations in the demand for borrowed funds and in interest rates. These processes were most pronounced in countries where the banking system developed with direct support from the state (Italy and France). In the United States, the long decline in the share of the commercial banks in the aggregate assets of the credit system was halted in the second half of the 1960s and led to some strengthening of their positions.

In the course of this rivalry, there is a growing trend for the commercial banks to "universalise" their operations. A century and a half ago, when the banks acted as modest middlemen, they were often called "money shops". The major banks have now developed into giant complexes with "credit and financial supermarkets" at their core, offering their clients from 100 to 200 types of services. Thus, the major West German banks offer short-term and long-term credit; they accept and discount commercial paper; issue and sell securities; and handle trusteeship operations. They have developed into major settlement centres in the FRG economy, what with their current account operations and the provision of ever wider accounting and other services for industrial firms and relatively small credit institutions. They engage in computing and collecting taxes, carry depreciation accounts and handle accounting and settlement operations for their clients.

The large banks have intruded ever more actively in providing credit for the population. They have ever more numerous opportunities for increasing the financial exploitation and destabilising the material condition of the working people with the rapid growth of consumer and mortgage debt, and the spread of banking operations involving "retail" services for consumers. With an ever larger share of current incomes necessarily going into the payment of fixed debt obligations, the decline in incomes has an especially painful effect on the condition of many workers and employees.

The following factor has an especial role to play: commercial banks are entitled to issue instruments of payment—cheques. In the United States, the FRG and some other capitalist countries, firms remit their payroll funds directly to bank deposit accounts. A large part of the population uses cheques to expend any considerable sum of money, so that all the basic settlement operations of the population are recorded on bank accounts.

Some fairy-tale magicians had the power, we are told, to peer from a rooftop down the chimney and to say just what every townsman had cooking in his pot. This kind of power now no longer seems to be so fantastic: the major banks obtain the most detailed information about the size and structure of most family

¹ Raymond Goldsmith, *Financial Structure and Development*, Yale University Press, New Haven and London, 1969, pp. 225, 244.

budgets, for they annually process tens of billions of cheques and other payment instruments made out in the purchase of goods by means of credit cards (in the early 1980s almost 35 billion cheques were made out in the United States every year). Ever greater potentialities are also being opened up for finance capital, since full information about a client's financial operations is the first step for the banks in increasing their sphere of influence and control.

The new role of the banks necessarily implies that consultative and information services (especially in relations with business) have an ever greater role to play alongside the traditional credit operations. Powerful banks have staffs of technical experts, and bank specialists are directly involved in selecting the most important investment projects of industrial and commercial firms, in restructuring their organisation and modernising their production facilities, introducing new forms of marketing and conducting their financial affairs.

In order to provide such services, the major banks have made ever wider use of their powerful computing centres. Automatic cash-dispensing machines, which are installed not only on the premises of the credit institutions, but also at airports, bus stops, supermarkets, etc., have recently begun to play an especially important role in the electronic automation of "retail" banking operations. There has been a rapid growth in the number of automated clearing chambers where accounts are settled without any cash transfer. By the end of the century, some 95-96 per cent of all payments in the United States are expected to be made by means of computer transfers, bank cheques, credit and debit cards, and automatic remittances by credit institutions on client orders. It is naturally the major banks at which all these flows of cash-free transfers and "electronic money" are focussed.

As a result, the giant banks are being gradually converted into centres at which the key economic information is concentrated and processed. When Lenin exposed the techniques by means of which finance capital established its domination, he remarked that Credit Lyonnais, one of the three major French banks, had a special "department for the collection of financial information". Today, this bank collects such information not only in that department, but also makes active use for the purpose of several subsidiaries specialising in business consultations, information services, financial accounting, etc. At the beginning of the century, the financial information department had a staff of about 50, and today one of its consulting subsidiaries alone employs more than 600 people.

The web of dependence which finance capital weaves round the most diverse spheres of economic activity is getting thicker. Statistical studies indicate that the higher level of banking capital concentration in the money markets inevitably means lower earnings for deposit holders, and more advantageous terms for the monopolists in the provision of loans and services of every kind.

The intense development of the capitalist banking system helps to accumulate the smallest savings and to involve them in active economic commerce for the benefit of big capital. Over the past

decade, the major banks have played an important role in providing credit resources for such rapidly developing industries as the production of the means of electronic automation and telecommunications equipment. Credit institutions are most active in financing the science-intensive (high-tech) industries. Under the impact of the energy crisis, vast amounts of bank loans have streamed into projects for the exploration and extraction of shelf oil, intense modernisation of the coal industry, and development of new energy-saving hardware and technology.

Money-lending was already a vital activity very early in the new period. In his novel *Gargantua et Pantagruel*, François Rabelais has the convivial Panurge saying: "It would be easier for nature to nourish the fishes in the air and to pasture deer at the bottom of the ocean than to suffer the miserly world in which no one will lend." Credit institutions gained in importance with the development of capitalism, and in the postwar period there was a most pronounced tendency for credit resources to command an ever greater share of financing in economic operations.¹ No major company can nowadays do without the clearing, financial, lending and other services provided by credit institutions for any long period of time. More than ever before in the past, investment programmes now depend on whether an industrial firm is able to obtain a large loan from the bank, and on whether credit institutions will help it to float a large bond issue.

The intensive development of trusteeship operations by the banks in many capitalist countries has led to substantial changes in the system of share-holding control by finance capital, with these operations assuming the largest proportions in the United States: in the early 1980s, capital held in trust by the banks was estimated to total \$570 billion.

More than one-half of all the assets of trust departments consists of stocks and shares. While the commercial banks in the United States are not legally entitled to purchase stock, in practice they are the major institutional "custodians" of ownership titles. The commercial banks' trusteeship operations lead to the stable concentration of stock with voting rights, thereby tying up the most important knots of corporate control at the top of a multi-tier share-holding system. Here again one finds the same picture: in order to put through any decision, many corporations have to "agree" with the major banks, which have a sizable part of their "voting" stock in their trust funds.

The banks, as a rule, have the powers enabling them to dispose of a large part of the property, including the funds held in trust.

¹ One US economist has estimated that borrowed funds as a percentage of aggregate assets growth (on the scale of the US economy) came to 26 per cent in 1923-1929; 30 per cent in 1946-1959; 36 per cent in 1960-1969, and 45 per cent in 1970-1979. (Robert A. Taggart, *Secular Patterns in Corporate Finance*, September 1982, Table 4). The role of credit in financing investments is especially great in countries like Japan, Italy and France; close to 80 per cent of all investments by Japanese firms in the 1970s was financed with borrowed funds.

Of especial importance here is the fact that over the past several decades there has been an ever wider spread of the practice of holding in trust the pension funds of private corporations, the liquidity of investment funds and money market funds.¹ As a result, the credit funds actually concentrated by the major banks are very much larger than their share of overall bank deposits. Numerous facts show that the banks capitalise to the utmost on the additional vast resources they concentrate through their trusteeship operations, without too much concern for the interests of the credit and financial institutions they "service". In 1983, some investment funds filed suit against the Bank of America on charges of using for its own selfish ends the funds it was supposed to manage. Thus, in an effort to avert a rapid worsening of their own liquidity, some giant banks simply transferred to interest-free current accounts large amounts of the funds deposited with them on trust.

The most powerful banks now turn out to have a much wider sphere of influence than they have had at any of the earlier stages of capitalist development. The big banks and specialised credit and financial institutions act as monopolists managing (or controlling) the bulk of the money capital. Banking institutions rapidly extending the range of their operations have been evolving into truly universal financial and credit complexes.

6. The Transnational Banks

The export of capital has always entailed a wide range of financial and credit operations which tend to transcend the national framework and to become international. The capitals of industrial and banking monopolies of the leading imperialist countries being closely coalesced, such ties are also gradually established within the framework of the world capitalist system. Thus, the foreign operations of US industrial TNCs are serviced by the major US banks. The intensive coalescence of the capital of international industrial and banking monopolies marks a new stage in the development of the system of international domination by finance capital.

More and more industrial and banking subsidiaries and affiliates are set up abroad by transnational financial groups: in the early 1980s, over 150 US banks had foreign departments, while their affiliates abroad numbered close to 800. International deposit, loan and clearing operations by US and West European banks over

¹ At the beginning of 1983, for instance, 25 major private credit institutions in the United States managed pension funds totaling over \$325 billion. "The most outstanding characteristic concerning the investment of pension fund assets in the United States today is the extent to which it is concentrated in the hands of a relatively small number of financial institutions" (Alicia H. Munnell, "Who Should Manage the Assets of Collectively Bargained Pension Plans?"—*New England Economic Review*, July-August 1983, p. 20). In addition, the banks also hold in trust investment fund capital which at the end of 1983 totalled over \$130 billion.

the past decades have been growing much faster than similar operations at home, with the centre of gravity of many international credit operations gradually shifting from the head offices of US TNBs to their affiliates abroad.

The development of modern facilities for storing, transmitting, and processing information has extended the potentialities for the internationalisation of banking. Communications satellites are now being ever more widely used for the international remittance of money. Automated information systems with a ramified computer network help to speed up payments and money remittances and monitor the state of the international money markets. Modern communications allow almost instant conferencing between the TNB head office and its numerous affiliates.

The geographical location of affiliates is also noteworthy. They are concentrated above all in countries where one can expect to have complete freedom of action (without any restrictive government controls) and the lowest rate of taxation on earnings. TNBs in the United States and Britain find the Bahamas and the Cayman Islands most attractive for the location of their affiliates abroad: in the early 1980s, US TNB affiliates there had assets surpassing those of all the US TNB affiliates in Western Europe, Africa and Latin America taken together. One should also note that London continues to be the major international financial centre of capitalism. Britain, the Bahamas and the Cayman Islands now account for more than two-thirds of all inter-bank TNB operations.

Since the Second World War, international banking groups have also sharply stepped up their operation, with the major London banking houses central to many of these. Integration processes within the EEC framework have also substantially promoted the monopoly association of West European banks.

The national money markets have been brought ever closer together by the internationalisation of credit operations. The development of a multi-tier system of "credit intermediaries" is only one of many questions arising from the ever greater role of the TNBs in the international payments and credit mechanism of the capitalist world.

At the early stages in the development of monopoly capitalism, capital was exported mainly in the form of "external issue", i.e., the sale of securities floated by private companies on the capital market of creditor countries. The major banks were always actively involved in this process in the role of organisers ("intermediaries"), since only the biggest companies were in a position to enter into direct negotiations with foreign owners of capital. Nevertheless, the relations which took shape from the flotation of securities still entailed more or less direct links between borrowers and foreign owners of loan capital.

The flotation of securities in the major international financial centres is still the most important form in which capital is exported, but over the past several decades there has been an especially rapid development of another sector of the international capital market of which deposit and lending operations by TNBs and international

banking groups are an organic element. Marx demonstrated that as capitalist credit develops money capital inevitably tends to "double", "treble", etc., since one and the same debt claim assumes diverse forms, a tendency illustrated by the practices of credit "intermediaries", the holding of reserves belonging to specialised credit institutions, commercial banks, etc. But never before, perhaps, has the number of intermediaries operating between the owner of money capital and the ultimate borrower, and hence the scale of the "internal turnover" of money capital within the framework of the credit system been so great as in the functioning of a recent newcomer, an international capital market known as the Eurocurrency market. "Eurocurrency" has gradually become a most general term, now being used most often to designate bank deposits in any capitalist country (or a loan made available by such a bank) in the currency of some other country.¹

Even a specialist now and again finds it hard to sort out all the contortions of international banking operations, which are reflected in the "credit gibberish of the money market", as Marx put it. Let us try to identify some of the most essential links of this intricate mechanism. It was said above that the TNBs, the major US banks in the first place, have a far-flung network of branches abroad, and this enables them to pick up a large part of the dollar funds accumulated in the international payments turnover.

A sizable part of such deposits with US TNB affiliates abroad belongs to credit institutions, which means that the temporarily uncommitted funds, which have become Eurobank deposits, have already passed through the hands of one or more bank intermediaries. In the major financial centres they are used for intensive inter-bank transactions, and statistical estimates suggest that this kind of internal turnover of funds within the arteries of the banking system involves truly astronomical figures—trillions (thousands of billions) of dollars. From the major financial centres, the TNBs remit the Eurodollar funds obtained to their branches abroad which are more closely connected with the national money markets, and at this stage in the redistribution of loan capital banking groups and private credit institutions in need of short-term borrowings and resorting to the services of the most powerful TNBs also have a substantial role to play. At the end of the 1970s, roughly three-quarters of all the credits issued to US bank branches in Switzerland, France or Holland consisted of inter-bank credits. The result is a chain of credit ties whose middle links consist of "wholesale" operations by the TNBs and their affiliates abroad.

Vast amounts of money can now be moved from one country to another much more rapidly with the intensive development of

¹ The term is best clarified by considering Eurodollars, which have the central role to play among all the other Eurocurrencies. Credit operations in US dollars on the Eurodollar market are effected by banks outside the United States, but that does not at all mean that "Eurobanks" have to be non-US banks. Indeed, these can be—and most are—the foreign affiliates of US TNBs. Nowadays there is an intensive Eurodollar turnover in places like Nassau in the Bahamas and Singapore.

transnational banking enterprise and the close interlacing of credit and foreign-exchange operations. The forms in which the economic development of capitalism has proceeded since the war have been markedly influenced by the accumulation of great masses of extremely mobile loan capital in the reservoirs of the international banking system.

A large part of these bank funds went to finance international trade, which expanded very much faster than the growth of production in the capitalist world. Roughly two-thirds of world capitalist trade in the 1970s was financed with loans on the Eurocurrency markets.

The bulk of Eurocurrency loans granted by final creditors was short-term, which is why the Eurocurrency market has always been the chief source on which private business drew for most urgently needed funds for settlements. But one should also note the TNBs' active role in the transformation of short-term money accumulations into medium-term and even long-term loans. The concentration of a large number of short-term deposits enables the transnational financial institutions to identify the stable "settled" amounts and to move them along the channels of medium-term credit. Credit institutions specialising in the extension of foreign-exchange medium-term (up to 5-7 years) credits were first set up by international banking groups relatively a short time ago.

The web of foreign-based branches of the TNBs and Eurodollar banking groups assured them of the "financial infrastructure" for advancing the internationalisation of capitalist production. The major credit institutions now have on offer to transnational industrial giants an exceptionally wide spectrum of new credit and foreign-exchange services, including, say, the conduct of an intricate system of intra-corporate clearing relations between TNC branches and affiliates scattered across the capitalist world, thereby revealing a tendency towards the gradual conversion of the leading transnational financial intermediaries into centres of public accounting not only on a national, but now also on an international scale. With their numerous instruments of economic influence, the major TNBs command ever more active participation in decision-making in other firms, above all those holding key positions in industry and construction.

With the domination of capitalist property in the means of production, these processes inevitably lead to a further growth of economic and political conflicts. Thus, the economic rapprochement of the capitalist states brought about by the intensive international migration of money capitals nowadays means a more active "export of inflation" than ever before, and also an extremely rapid spread of crisis upheavals from one set of capitalist countries to another. Meanwhile, speculative operations on international Eurocurrency markets have reached gigantic proportions, with the major TNBs ever more actively involved, the result being a further growth of the instability of the credit system (one need merely recall the largest postwar crash of Franklin, the US banking giant, which speculated itself into bankruptcy).

As the complex of diverse economic ties between the TNBs and the industrial TNCs is shaped, the financial-oligarchy groups of the leading capitalist countries are ever more tightly interlaced with an expansion of the sphere dominated by finance capital within the framework of the whole world capitalist system. The TNBs' strong ties with the TNCs, their key role in the international credit and payments mechanism, the concentration of capital and the "wholesale scale" of their credit operations all go to turn the major banks into almighty monopolists of credit whose economic power extends well beyond their home countries.

The growth of the TNCs and the TNBs over the past decades has vastly expanded the leading financial empires, that is, groups of companies more or less rigidly controlled from a single centre. In the United States, the aggregate assets of eight leading financial groups were estimated in 1985 at \$1,400 billion, which makes up more than 20 per cent of the assets of all the industrial and financial companies in the country. These empires are led by old groups which have for their centres the giant New York Bank of J.P. Morgan and Co. Inc. (the Morgan group) and the Chase Manhattan Bank (the Rockefeller group), each with assets valued at over \$400 billion. Regional groups (California, Chicago, etc.) have also been growing rapidly.¹

As the empires sprawl, the personal fortunes of the families and clans of the financial oligarchy multiply. Facts about them are publicised rarely and unwillingly, but fairly reliable estimates will be found in US writings. Thus, the fortune of the two Hunt brothers, who first got rich on oil, is estimated at \$600-1,200 million, and the estimate for the whole clan comes to \$6 billion. David and Lawrence Rockefeller have a fortune of \$400-600 million, and the 83-member clan has an estimated fortune of \$3.5-5 billion. The short-listed Mellon family has a fortune of \$900-1,600 million, and the whole family—close to \$5 billion. The Duponts, the chemical tycoon family, is estimated to have more than \$1.3 billion, and the Ford car-making magnates—up to \$1 billion. They are followed by the Hearst, Rosenwald and other families who have "only" \$300-600 million each.²

Compare these monstrous fortunes with the plight of tens of millions of working people who can barely make ends meet (to say nothing of the jobless and the homeless), and you will see just how fair the economic and social system of the leading capitalist country is.

¹ Estimates from the Institute of World Economics and International Relations. Data on assets are taken from *Fortune* magazine, and on groups from these books: Stanislav Menshikov, *Millionaires and Managers*; D. Kots, *Banking Control over Major Corporations in the USA*, Moscow, Progress Publishers, 1982 (in Russian).

² H. Hart, *The Texas Rich*, Moscow, Progress Publishers, 1984; *Fortune*, August 1986.

7. Finance Capital in the International Arena

Finance capital nowadays tries to place the TNBs and the TNCs in the van of the fight in defence of capitalism along the key lines on which its general crisis has been deepening.

The *competition between the two systems* is the most important of these lines, for it is there that the survival of capitalism as a social system is being decided. In the confrontation with world socialism, the TNCs have a two-fold role: as the basis of the production potential of capitalism carrying the main burden in the economic contest, and as an active aide of the bourgeois state in conducting its reactionary anti-socialist policy.

In its first function, TNC activity largely determines the overall positions of capitalism in the competition between the two systems, but it is nowadays no longer even a matter of synthetic quantitative indicators. The specific feature of the TNCs' entry into economic competition is that they seek to combat socialism mostly on quality issues, and operate as the immediate rivals of socialist enterprises in all that relates to the organisation of production, technical progress, efficiency and product quality. Here, TNC management are truly in earnest in their hopes of pushing socialism into second place in the STR, an aspect of TNC activity which should neither be minimised nor underestimated.

The TNCs provide the material basis for supporting the anti-socialist policy of the bourgeois state, and are also actively involved in conducting it, although their behaviour in this sphere tends to vary. One US politologist says that the "multinational corporations and their rapidly growing foreign earnings were recognised as major national assets ... to help to finance America's hegemonic position".¹

This attitude on the part of international monopoly capital has its own traditions: members of the US business elite will be found in many extremist groups; prominent Italian businessmen were members of the P-2 lodge, etc. Everywhere the monopolies are eager to finance reactionary, pro-fascist and revanchist outfits.

But concrete acts by some TNCs in their relations with the socialist countries may turn out to be two-faced and not in accord with the overall strategic line, in view of their strategic-class and concrete commercial interests. Many TNC managers want to have economic ties with the socialist world, object to trade sanctions, favour peaceful coexistence and take a positive view of the idea of detente. The Soviet Union, for its part, is prepared for business contacts with the TNCs, such as long-term and large-scale economic cooperation.

With the TNCs' attitude to socialism is directly connected their stand on the issue of war and peace. Referring to the TNCs' sprawling international operations and their accumulated wealth, many of their advocates seek to present transnational business as virtually the chief champion or guarantor of peace. Indeed, the strategic parity and the growing destructive power of modern weapons tend

¹ R. Gulpin, *US Power and Multinational Corporations*, London, 1976, p. 140.

to spread peace attitudes among the share-holders and managers of the TNCs, far from all of which are involved in the arms race.

But it does remain an incontrovertible fact that there is also a strong aggressive and militarist wing among the TNCs. Besides, many of them, while obviously fearful of the use of modern nuclear weapons, seem to have no objection to their stockpiling, which they regard as a "deterrent" against socialism and as a highly profitable business. The watershed between the pacifist and the militaristic wing in the TNC camp is a fluid one. Finally, the state-sponsored militarists simply cannot but regard the TNCs as their production and technical base. Two Finnish economists say: "Perhaps, it was so that the politicians determined why arms industries should grow ... while the industries themselves determined *how* the industry grows and *how* new weapons are being developed."¹

The TNCs are the adversaries of the *communist, working-class and democratic movement*, and they bring to the conflict between labour and capital the bourgeoisie's cosmopolitan solidarity and try to divide the various national contingents of the working class and set them against each other, a practice Engels said was the "sharpest weapon against the proletariat in the hands of the bourgeoisie".² Consider the TNCs' latest large-scale move in transferring their enterprises from countries with high wages and strong trade unions to countries with minimum wages and a repressed working-class movement. There is, of course, also a need for new jobs in the LDCs, but here the TNCs feel that they are entitled to act arbitrarily and sharply to step up the rate of exploitation.

The TNCs also engage in direct anti-trade-union actions, such as refusal to recognise local trade unions (IBM and Kodak), abandonment of local collective bargaining practices (US TNCs in Britain), introduction of imported forms of labour organisation (Japanese TNCs in the United States), switching of orders to other subsidiaries to combat strikes, lobbying against social legislation, and so on.

The monopoly bourgeoisie's solidarity is instanced by its fight against left-wing, democratic forces whenever they are close to winning political power or are working for it. The experience in destabilising revolutionary regimes in Chile and Portugal has now been widened by the action against Italy (the TNCs mounted an investment blockade there to prevent the Communists joining the government), and especially the TNCs' fight against the left forces' government in France. In response to its nationalisation measures, the employers engaged in open sabotage by refusing to make investments at home and smuggling their capital abroad. The French Socialists succumbed to the sabotage and began to drift to the right, a development which induced the Communist Party to withdraw from the government in 1984.

The TNCs have been *resisting the national liberation movement*,

¹ Helena Tuomi, Raimo Väyrynen, *Transnational Corporations, Armaments and Development*, Tampere Peace Research Institute, 1980, pp. 4, 5.

² Frederick Engels, "The Condition of the Working-Class in England", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 4, 1975, p. 376.

especially at the present stage of its struggle for economic decolonisation. In the LDCs, the TNCs have been acting as an "expeditionary corps" for neocolonialism, with a purposeful drive to foster a class of local bourgeoisie in these countries as a potential ally and a pledge that these countries will stay within the capitalist economic system.

Control of the commanding heights in LDC economies often enables the TNCs to dictate their own terms. In Africa, for instance, the copper and nickel Sache agreement between the government of Botswana and a private consortium was renegotiated three times between 1975 and 1982, with the result that the government's fiscal take was reduced substantially.¹ The US bauxite company Suralco, which operates in Suriname, tried, with the help of the CIA, to overthrow the local government on eight occasions. Lonrho and Anglo-American corporations of South Africa are behind the separatist activity of the UNITA group in Angola.

There are, of course, limits to the monopoly bourgeoisie's international solidarity, and the emergence of the TNCs has, among other things, exacerbated the *inter-imperialist contradictions* to an extreme. The national imperialisms send out the TNCs to the frontline of the struggle for a repartition of the capitalist market, and here there is good evidence of an offensive by West European and Japanese companies against the positions of their US rivals. In 1964, the United States had 60 per cent of the major corporations within the capitalist world, Western Europe—30 per cent, and Japan—9 per cent; in 1976, the figures were already, respectively, 52, 31 and 12 per cent; and in 1980 they were 47, 34 and 13 per cent.²

For their home countries, the TNCs are now the chief providers of raw materials, export earnings and profits, but true to the logic of monopoly economic operations, they also inflict obvious harm on their countries. Lenin said that the export of capital "may tend to a certain extent to arrest development in the capital-exporting countries",³ and that is now a generally accepted fact. Apart from the "export" of jobs, which goes to increase unemployment, the price that had to be paid for the counter-offensive by West European capital on the US market has been an obvious depletion of Western Europe's money market, which delayed its exit from the 1980-1982 crisis and caused West European exchange rates to fall.

It would also be a big mistake to regard the TNCs of a country as some kind of team in pursuit of common national objectives. The fact is that they too are locked in acute competitive contradictions. Here is what an English writer says about their feelings for each other: "'We all hate Texaco,' said an Exxon man. 'If I were dying in a Texaco filling-station,' said a Shell man, 'I'd ask to be

¹ *UN. Transnational...*, p. 11.

² Calculated from: *UN. Transnational...*, pp. 357-63; *UN. Transnational Corporations in World Development. A Re-examination*, New York, 1978, pp. 288-311.

³ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 243.

dragged across the road.' ”¹ The nasty practices of such a competition, including international competition, tend to deepen the moral crisis of the capitalist society, because it frequently involves corruption, business crime and misinformation. Thus, an Italian consortium won a hydro-power plant contract in Peru in the face of bids by its British and West German rivals by giving a bribe.

Such competition often enables countries in which the TNCs operate to secure deals on better terms, as was the case with OPEC, when it was able to go over to an offensive against the international oil cartel following the emergence on the market of more than 20 new outsider companies in the 1960s. But it can also spell tragedy for a country which happens to become an objective of inter-imperialist competition, as in the case of Nigeria: the TNCs of Britain and France were vying for its oil resources, and the French TNCs tried to settle the issue by setting up the separatist “Republic of Biafra” in the 1960s.

8. The TNCs Are Increasingly Interfering in Politics

No one, including the managers of the TNCs, will now deny that TNC activity is being politicised, usually assuming a threefold form: participation in shaping their governments' foreign-policy line; TNC conduct of such policy abroad; and claims to pursuing their own “corporate diplomacy”.

The TNCs conduct their activity along a number of channels: a personal union between business and government agencies and a personnel rotation between them; financing of political parties and the attendant lobbying and corruption; use of the mass media; and finally, consulting the authorities on matters of common interest.

Bourgeois diplomacy is a true “friend” of finance capital. The state funds TNC operations, underwrites (insures) their foreign investments, “showing the flag” in conflicts with host countries, providing them with intelligence services, and so on. Thus, the embassies of France and Italy put pressure on the Spanish government to prevent the opening in Spain of a General Motors subsidiary that could compete with Renault and Fiat. Petroleum TNC shipments of oil from the Persian Gulf are protected by US, British and French naval forces. The CIA organised the overthrowing of progressive anti-monopoly governments, among them those of Arbenz in Guatemala, Mossadegh in Iran, Manley in Jamaica, and Allende in Chile.

But the TNCs keep to their part of the bargain. The Indian journal *Commerce* says that the TNCs have already developed into the “fourth instrument”, alongside diplomacy, the army and the intelligence service, the three instruments bourgeois governments use to conduct their foreign policy. The TNCs find it all the handier

¹ Anthony Sampson, *The Seven Sisters. The Great Oil Companies and the World They Made*, The Viking Press, New York, 1975, p. 196.

to do this through their far-flung network and their clout in the local corridors of power. The TNCs recruit as share-holders and directors local politicians and members of their entourage, put pressure on local planning, electoral and military agencies, and handle missions which official diplomats prefer not to touch. Some TNBs, for instance, got President Albert Bongo of Gabon to become one of their shareholders. The son of Togoland President Sylvanus Olympio and a nephew of the late Kenyan President Jomo Kenyatta are members of the board of the Anglo-South African Lonrho corporation. Antonio Tepedino, President of Venezuela's national oil company, was on the payroll of the petroleum TNCs and supplied them with confidential information.¹ Intelligence information also flows through the closed channels of TNC communications, as was the case in Nigeria, where a petroleum TNC was discovered to have a secret communications centre plugged into the CIA's African department system. In defiance of UN sanctions, it is the TNCs that have been rearming the South African militarists.

TNCs often try to conduct their own "corporate diplomacy" abroad and meddle in the domestic affairs of the sovereign states hosting them. "The transnational corporations are undermining the sovereignty both of developing and developed capitalist countries. They make active use of state-monopoly regulation, when it suits their interests, and come into sharp conflict with it when they see the slightest threat to their profits from the actions of bourgeois governments."² Thus, interference by US TNCs hampered Belgium and Holland in pursuing their "incomes policy", the FRG and France—in effecting programmes for trade-union participation in industrial management, and Italy—in setting up its own nuclear-power industry to substitute for oil imports. But TNC operations are not confined to economics. In Madagascar, TNC agents were behind the assassination of the country's progressive political leaders and financed the "private army" of local adventurer Andre Resampa. Through the puppet separatist outfit known as FLEC, Gulf Oil tried to cut off the territory of Cabinda from Angola. It is not surprising, therefore, that with the spread of such political banditism, the UN Commission on Transnational Corporations decided to issue a Code of Conduct for the TNCs, which prohibits illegal political TNC activity in the host countries.

The governments of the TNCs' home countries do not object to such a code either, and that is not as paradoxical as it may seem to be. As the TNCs lose touch with their national soil, they also tend to challenge their "own" authorities, whenever the interests of the two diverge. There is, for instance, a very large illegal remittance of funds from Italy to Switzerland, which tends to depress the exchange-rate of the lira.³ Whenever they find it advantageous, the TNCs resort to large-scale anti-national acts. During the energy crisis, for instance, Royal Dutch Shell cut back the supply of oil

¹ *Business Week*, September 12, 1983, p. 34.

² Mikhail Gorbachev, *Political Report...*, p. 18.

³ *Time*, March, 15, 1982, p. 43.

to the British market by 10-15 per cent, ignoring the government's request not to do so. French oil companies have been known to demand of local consumers even tougher supply terms than those of the US oil corporations.

9. Against the TNC Domination

The anti-monopoly movement is highly diverse, for it includes trade unions, the middle strata, democratically-minded intellectuals, a section of small and middle business and the peasantry oppressed by the TNCs, and even some sections of the state apparatus, especially in the localities. The Communists are the most consistent fighters against the monopolies. The TNCs are also under criticism from the Social Democrats, members of the ecological movement, and some religious circles. In the LDCs, this movement is largely identical with the movement for economic decolonisation and a New International Economic Order (NIEO). The TNCs are also opposed by critically-minded liberal and left-radical mass media.

The trade unions are engaged in active day-to-day struggle against the TNCs, striving to set up their branches at TNC enterprises, to have them affiliated with national trade-union centres, and to wind up "employer unions". The forms of the working people's international solidarity countering the TNCs' anti-trade-union actions have also been multiplying, including refusal to work on orders switched from strike-bound enterprises, solidarity strikes, exchanges of information, establishment of international secretariats of trade unions from TNC enterprises, a struggle to raise working conditions at various subsidiaries up to their highest level, and so on. Such efforts are most active in the metal, motor vehicle and chemical industries, but one has to admit that the TNCs are well in advance of the international working-class movement in the practice of internationalising their operations. One reason is certainly the lack of unity within the international working-class movement, and the conciliatory and separatist tactics of the "free trade unions"—the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL)—which have refused to join in anti-monopoly action with the World Federation of Trade Unions (WFTU), although unity has been making headway at the grassroots.

There is resistance to exploitation by TNC agribusiness, while small and middle businessmen have been fighting for their very survival. Restoration of national sovereignty over their natural resources and economic activity is the main anti-monopoly slogan in the LDCs.

All of these movements have diverse slogans and different objectives. While the left-wing bourgeois and petty-bourgeois parties often propound utopian projects for "checking" the TNCs through a return to "free competition", which is definitely at odds with the growing socialisation of production, and while the Social Democrats claim that TNC abuses can be remedied by legislative enactments, the Communists take a different stand. They propose different na-

tional anti-monopoly programmes depending on the concrete conditions in each country; their common element is that the communist parties do not oppose large-scale production as such. It is, after all, an inevitable outcome of the progressive development of the productive forces, and is the soil on which the modern industrial proletariat develops. But the communist parties want greater social control over highly socialised production to make it serve the interests of the whole people rather than the self-seeking interests of small groups of shareholders and managers.

Accordingly, they have demanded the nationalisation of the TNCs (something that was partially done by the left-wing forces in France and in Portugal), establishment of democratic controls over TNC activity at enterprises, preservation of jobs, improvement of working conditions, etc. None of these measures is regarded as an end in itself, but only as a part of labour's general struggle against capital on the way to the attainment of the ultimate goals of the working-class and communist movement.

Practice shows that the TNCs can be brought to heel, and that there is a realistic possibility of using their technical and economic potential without any negative social or political consequences, as the socialism-oriented states have already demonstrated. That is the objective of the anti-monopoly, general democratic movement.

We find, therefore, that the TNCs have definitely sprung from some of the objective processes in the capitalist economy, and in their specific ways, the TNCs have been boosting labour productivity and advancing technical progress, even if in a contradictory manner. This also applies to their operations in the LDCs, and here we find a relevant analogy with 19th-century Russia, where, as Lenin said, the "work of our capitalism" can be regarded "as progressive when it draws ... small, scattered markets together into one nationwide market, when, in place of the legion of small well-meaning blood-suckers, it creates a handful of big 'pillars of the fatherland', when it socialises labour and raises its productivity, when it shatters the subordination of the working people to the local blood-suckers and subordinates them to large-scale CAPITAL. This subordination is progressive ... because it AWAKENS THE MIND OF THE WORKER, converts dumb and incoherent discontent into conscious protest, converts scattered, petty, senseless revolt into an organised class struggle".¹

A scientific analysis of TNC practices, ideas, schemes, values and ambitions as a whole shows that recognition of the progressiveness of their role is quite compatible "with the full recognition of the negative and dark sides of capitalism, with the full recognition of the profound and all-round social contradictions which are inevitably inherent in capitalism and which reveal the historically transient character of this economic regime".² These ideas of

¹ V.I. Lenin, "What the 'Friends of the People' Are and How They Fight the Social-Democrats", *Collected Works*, Vol. 1, 1977, p. 236.

² V.I. Lenin, "The Development of Capitalism in Russia", *Collected Works*, Vol. 3, Moscow, 1977, p. 596.

Lenin's also help to see the future of the TNCs. The free competition envisioned by some bourgeois "neo-romantics" and left-wing radicals cannot be expected to remain on the scene once it has generated monopoly. While the TNCs do give capitalism an infusion of fresh forces and so provide it with a reserve, considering the level of socialisation of production which they signify, they can be abolished only with capitalism itself, as the competition between the two systems and the class struggle demonstrate that they are economically and socially irrelevant.

4

THE MODERN LEVIATHAN: THE STATE AND ITS ROLE IN THE ECONOMY

1. A Historical Retrospect

The relation between the state and the economy is one of the central issues in the life of capitalist society. New phenomena which are still developing first appeared in state-monopoly capitalism (SMC) in the 1970s and 1980s, and these largely determine the basic features of capitalism at the end of the century.

The 17th-century English philosopher Thomas Hobbes gave the title *Leviathan* to his famous treatise on politics and politicians, the Biblical name for a sea monster which he used to show the role of government in the society. Since then, the name has come to denote the vastness and might of the state. In Hobbes's day it was, of course, a dwarf compared with the giant state of today, which has key functions to perform within the system of the bourgeoisie's class domination. Alongside its political and social role, the state has also an ever greater economic role to play.

In the epoch of pre-monopoly capitalism, the bourgeoisie of the leading capitalist countries had no need for active interference by the state in the economy and, in fact, even resisted such interference. But in the 20th century, especially in the period of the general crisis of capitalism, the situation underwent a fundamental change, as the power of the state coalesced with that of the monopolies. For all practical purposes, private capital no longer operates without the state's comprehensive involvement. The economic role of the state today has evolved as a result of long development, in the course of which there has been a constant change in the conditions, forms and methods of its influence. The development of state-monopoly capitalism is an objective process ultimately determined by the growing capitalist socialisation of production, and the forces generated by the formation of monopoly producer and financial complexes naturally promote the development of the state's economic role and help to strengthen it. But the evolution of SMC is simultaneously a political process, which assumes concrete forms depending on the specific features of the state power in a given country, the pattern of class forces, the national

peculiarities and traditions, and the international situation.

It is by no means willingly that the bourgeoisie accepts state intervention in its affairs, for whatever the forms of such intervention, it can always make people ask whether the private owners of the means of production should exist as a special class appropriating the lion's share of the national income, since business can be handled by government agencies. That is why members of the bourgeoisie in the United States, for instance, insist that government enterprises, social security and curbs on the powers of business all add up to something like "socialism", which has to be tolerated as an inevitable evil.

SMC emerged during the First World War (1914-1918), which forced all the belligerent countries to concentrate resources in the hands of the state and under its control on an unprecedented scale. "War and economic ruin have forced all countries to advance from monopoly capitalism to state-monopoly capitalism," Lenin wrote.¹ The world economic crisis of 1929-1933 (the Great Depression) had an exceptional role to play in shaping the instruments of state intervention and regulation. With output in the leading capitalist countries down to roughly one-half of the pre-crisis level, international trade at a standstill, tens of millions unemployed and class conflicts exacerbated, the bourgeois states found themselves forced to assume extensive economic functions in combating the crisis.

The US version of SMC in that period was connected with bourgeois reformism and with retreats and manoeuvring by the ruling class in the face of the terrible reality and the demands of the popular masses. Laws were enacted somewhat to limit the power of capital and to protect the interests of the working people (minimum wage rates, social security and unemployment benefits; government underwriting of bank deposits and loans; farm supports; more rights for the trade unions, etc.). Something was done to conduct a state anti-cyclical policy through public works and changes in the fiscal and credit system. Meanwhile, a militaristic and fascist version of SMC was taking root in Germany and to some extent also in Japan and Italy, with the whole economy geared to the preparation of war, and unemployment reduced through a vast increase in arms manufacture, while the communist and working-class movements were savagely suppressed, bourgeois democracy dismantled, and a regime of total terrorism and oppression introduced. The historical record shows that the economic and especially the political and social content of SMC can differ greatly, and that it can present a different kind of face to the working masses depending on the conditions.

During the Second World War (1939-1945), the economy was geared to war objectives to an even greater extent than in the First World War. In the First World War, direct military outlays came to only 14 per cent of the US national income, and in the Second —

¹ V.I. Lenin, "Revision of the Party Programme", *Collected Works*, Vol. 26, p. 170.

to 43 per cent; in Germany, the figures were, respectively, 42 and 68 per cent; and in Britain—37 and 56 per cent. A state machine for running the economy in close cooperation with the private monopolies was either set up or improved in all the belligerent countries.

Postwar SMC in the United States and the other NATO countries is closely bound up with the shaping and functioning of their military-industrial complex, whose domination has alarmed even those who had taken a hand in building up its positions. It is a curious fact that the term "military-industrial complex" was first used by General Dwight D. Eisenhower. In his farewell speech upon the expiry of his term as US President in 1960, he warned the US people of the dangers of a close alliance between the industrialists, the military and the politicians, who regard the arms race and balancing on the brink of war as a source of profit and power.

The postwar period has on the whole been marked by a strengthening of SMC trends, against the background of certain changes in the techniques of state intervention. Extensive use of STR achievements and the internationalisation of production and capital are the key features of postwar capitalism, and these have generated such important SMC forms as the crucial role of the state in organising R&D and inter-state economic integration, especially within the West European Common Market (EEC).

The presence of the world socialist system and its influence on capitalism are also a factor of tremendous significance. The outgoing social system has responded to this historical challenge by extending the political, economic and social functions of the state and by constantly trying to adapt to the changing conditions of world development. When Soviet space successes in 1957 and 1958 revealed the lag of the United States, the latter's reaction was very vigorous. A multibillion-dollar space programme was adopted, the education system was reorganised and state sponsorship of scientific research intensified. The state took steps to accelerate economic growth.

In this way the present-day forms of SMC took shape over a period of decades. Just now they are in a state of crisis and redeployment. The Great Depression of the 1930s undermined the faith in the almighty and beneficial role of the "market" and put an end to the absolute sway of the private-monopoly element in the capitalist economy. The dominant view of the existing forms and methods of SMC regulation in the West is now one of scepticism. Indeed, it has gravely undermined itself. But whatever the forms of such regulation, capitalism can no longer exist without it, and that is one of the most acute contradictions of capitalist reality.

Bourgeois economists and sociologists admit that the state has been increasing its economic role, but naturally refused to accept either the Marxist term "state-monopoly capitalism", or its meaning. They reject the Marxist idea of the state coalescing with the monopolies and claim that the state has nothing to do with classes and takes care of the needs of all the strata of the population. Many bourgeois and reformist ideologists regard the growing activ-

ity of the state as an element of a peaceful, evolutionary "socialism", which they contrast with the revolutionary transformation of the society. In actual fact, the state continues to be an organ of the bourgeoisie's class domination, with the financial oligarchy playing the crucial role. Its functions, including its economic functions, are being extended because of the sharpening contradictions of capitalism and the new conditions and forms of the class struggle. At the same time, the growing consciousness and organisation of broad masses of people enable the progressive forces to exert greater pressure on the capitalist state.

2. A "Mixed Economy": How Mixed?

"Mixed economy" is the term used by bourgeois writers over the past several decades to designate the growth of the state's economic functions, the idea being that private and state elements are "mixed" in the capitalist economy today, and the mix is most pronounced in the sphere of *property*.

In the epoch of pre-monopoly capitalism, the state owned some elements of the national wealth, too, but in the 20th century there has been a resolute shift in this sphere. First, there has been a sharp increase in the role of the state sector in virtually all the countries; and second, the structure of the state sector has undergone a change, with a growing role for the sphere of material production.

An expanding state sector in the economy while the bourgeoisie remains in power does nothing to change the nature of capitalist property, but the working class and its parties cannot afford to remain indifferent to the scale and development forms of the state sector, since some of its elements in education, public health and other sectors of the social infrastructure may, within limits, function in the interests of the working people. Working conditions at state enterprises may often be better than those at private enterprises. The state sector may operate as a long-term factor discrediting and undermining the positions of the private owners of the means of production. The formation of a state sector (especially when it comes to nationalisation) and its functioning is usually an issue in acute political struggle in which the task of the left-wing forces is to unite against the forces of reaction.

It is a characteristic fact that the government sector in the economy is least significant in the United States, a country where monopoly capital is especially strong, while reformism and opportunism prevail within the labour movement. The share of the government sector in the country's total material national wealth in the late 1970s and early 1980s was estimated at about 20 per cent, but at least 40 per cent of the government sector consisted of diverse military installations, equipment and property. It goes without saying that the launching ramp of a nuclear missile, for instance, can be regarded as an element of the national wealth only in a purely statistical sense. The infrastructure—industrial (highways, ports, lines of communication, etc.) and social (buildings and properties

in education, public health, culture, recreation facilities)—is another important component of the government sector. Most of these facilities are owned by the local authorities, and not by the Federal Government. In manufacturing, the state owns no more than 1 per cent of the production capacities, and these are often on lease to private corporations.

We find a different picture in many West European countries. In Britain, the public sector is estimated to hold 35-40 per cent of the national wealth, with the state fully owning the railways, electric power plants, the coal industry, and a large part of the enterprises in ferrous metallurgy and some enterprises in other industries. State property in France accounts for over 40 per cent of the national wealth, with the state owning, in particular, the railways, the airlines and the coal mines, nearly all the enterprises in the production and supply of electric power, gas and water, and roughly one-third of the oil refining and motor vehicle industry. The 1982 nationalisation put into the hands of the state enterprises in the leading manufacturing industries, such as ferrous and non-ferrous metallurgy, chemicals and electronics. The major banks and insurance companies in France are also a part of the state sector (since the government of Jacques Chirac took office, there has been a swing to reprivatisation). In Italy, where the state sector took shape before the Second World War and has developed since, the state has a sizable share in energetics, metallurgy, engineering and some other key industries. The state sector has a substantial role to play in Austria and the Scandinavian countries.

State property in Japan is more akin in size and character to that of the United States than to that of Western Europe, apart from the fact that military-purpose property makes up a very much smaller share of the national wealth than it does in the United States. The state share of Japan's national wealth is estimated at 20 per cent, but within what is known as productive capital (for all practical purposes, this means the extractive and manufacturing industries and agriculture) the figure is slightly over 2 per cent.

Enterprises in many countries are literally held in mixed ownership: a part of the stock belongs to the state and the rest to the private sector. Such enterprises originate whenever the state buys up part of the stock of private companies, or, conversely, when state-owned stock is put up for sale. The system of management and economic activity at the mixed and even at the purely state-owned enterprises is similar to and sometimes even identical with the system under which major private corporations are run. Nowadays, for instance, there is hardly any difference between the condition of working people at state and at private enterprises, and so the working people resort to the same forms of struggle for their interests and rights both against the capitalist and against the management of state enterprises.

However, state-owned enterprises are often used for a different purpose, namely, to supply the private sector with electric power and transport and other services at artificially low prices, while their losses are covered from the national budget. Bureaucratic

practices and waste are rife at state-owned enterprises.

State property is merely one of the elements of the "mixed economy". The state and the monopolies coalesce with each other in a diversity of forms. Private arms-manufacturing corporations mainly operate under government contracts, and in exchange for their high profits and dividends they effectively transfer to government agencies some of their managerial rights. One US economist says that "what is called private enterprise is here a disguise for costly and unexamined access to the public trough".¹

The share of so-called public consumption (procurement of goods and services by government agencies) increased on average in seven leading countries (United States, Japan, FRG, France, Britain, Italy and Canada) from 16 per cent in 1960 to 18 per cent in 1982-1984, partly under the impact of growing arms contracts, and partly from the financing of the infrastructure. In 1984, the highest figure, for Britain, was 22 per cent, and the lowest, for Japan—10 per cent. The role of the state both as buyer and customer is expected to go on growing.

The state has the lion's share in funding and organising R&D in all the capitalist countries. The United States accounts for nearly 50 per cent of all the outlays in the capitalist countries in this field, and in 1985, over 47 per cent of the funds came from the US Administration, which means that it provides almost 25 per cent of the capitalist world's R&D outlays. In the United States, this sphere is militarised to an extremely high degree: in 1985, 67 per cent of the Federal Government's R&D outlays consisted of military items, and together with spending on space exploration, in which the military element prevails, the figure comes to about 75 per cent. There is an exceptionally high concentration of R&D at the laboratories of the major corporations, for which it is the chief source of profits and influence.

Nevertheless, US corporations eye with envy their rivals in Japan and Western Europe, where the state gives even more active support to R&D, especially in the high-technology industries. The Japanese, for example, favour their semiconductor industry with tax privileges and direct government subsidies of approximately \$400 million per year. The French government provides its semiconductor industry with \$140 million in subsidies per year; Great Britain, \$110 million; and the FRG, \$150 million. By contrast, the only direct subsidy provided by the US government to its semiconductor industry is \$55 million in defence-related research funds.² This is explained by the fact that Japan and Western Europe depend on the export of their goods to foreign markets to a greater extent than the United States, and so state activity there is largely designed to promote the monopolies' external expansion.

Whenever industries or private companies find themselves in financial straits or face bankruptcy, the interests of the state and the

¹ John K. Galbraith, *Annals of an Abiding Liberal*, The New American Library, Inc., New York, 1979, p. 81.

² See *Harvard Business Review*, January-February 1982, p. 80.

monopolies tend to interweave in intricate forms. As early as the 1930s, some governments were forced to take over enterprises hardest hit by the world economic crisis. The record of the 1970s and 1980s shows that while the capitalist state does not as a rule salvage small companies faced with bankruptcy, it seeks to prevent the collapse of monopoly-type firms. Indeed, how could the US government accept the bankruptcy and liquidation of either Lockheed or Chrysler, when both these giant corporations are working on major arms contracts? The state also needs to rescue such firms for other reasons as well, such as the social dangers of leaving thousands of workers and employees jobless.

The protracted structural crisis in railway transport in the United States in the early 1970s led to the actual bankruptcy of several private railway corporations, including Penn Central, one of the largest. It was subjected to a radical reorganisation, which took it out of the transportation industry altogether. Its railway lines, enterprises and related property were transferred in 1976 to the state-owned Consolidated Rail corporation (Conrail), which also took over five other private railroad companies. As a result, railroad transport in the United States became mixed enterprise. From 1976 to 1979 alone, Conrail received from the state \$2.7 billion in the form of loans and purchase of stock.¹

The large French company Creusot-Loire (engineering, metallurgy, etc.) provides another example of rescue operations to salvage a foundering private monopoly. Its financial condition worsened almost continuously from 1977. The rescue package was put together in 1982-1983 by the management of Empain-Schneider, which has the controlling interest in Creusot-Loire, and by bankers together with representatives of the government and of state concerns. The firm was reorganised, with the state's participation expressed as follows: Creusot-Loire transferred to the state 20 per cent of the stock of its subsidiary Framatome (R&D and equipment for atomic power plants), as a result of which the government and Creusot-Loire became co-owners on a parity basis; the government gave Creusot-Loire a special loan of 500 million francs; Empain-Schneider provided the government with concrete guarantees with respect to the funding of Creusot-Loire, while this enabled the private monopoly to obtain additional backing from the banks.

The coalescence of the monopolies and the state is now the most important means for the adaptation of capitalism to the new conditions of world development and for its survival. However, the dialectics of development is such that these shifts simultaneously and objectively result in the further capitalist socialisation of production, thereby inexorably confronting the society with the prospect of economic and social transformations.

¹ *Moody's Transportation Manual, 1980*, Moody's Investors Service, New York, 1980, pp. 896, 897.

3. Expenditures, Taxes, Deficits and Debts

State expenditures are here considered first, and for a very good reason. National budgets are often likened to family budgets, and there is possibly some similarity between the two. But whereas in normal conditions the family has to cut its coat according to its cloth, that is, to adapt its spending to its income, the state often acts the other way round: it starts by determining its spending requirements, and then looks around for sources to meet these.

That does not mean, of course, that state expenditures can grow without any limits: there are real, even if flexible, economic, political and social limits. However, the state's extraction from the economy of a growing share of the national income and product has been the most important trend over the past several decades, and is a fundamental manifestation of SMC development (see the table).

*Total Government Outlays as a Percentage of the GDP
(per cent)*

	1965	1980	1983	1985
United States	25.3	33.5	36.9	37.5
Japan	14.2	25.0	27.5	27.0
FRG	30.7	42.9	44.4	44.0
France	33.7	43.0	48.6	50.0
United Kingdom	30.7	41.8	44.2	45.2
Italy	30.6	41.5	51.5	52.0
Canada	25.0	37.8	43.1	44.0
Total	26.4	35.7	38.4	40.2

Source: *OECD. Economic Outlook*, May, 1986 (national statistics, including local budgets)

About 40 per cent of the product in the seven leading capitalist countries now on average passes through the national budget, and in some countries the figure is up to 50 per cent. Up until the early 1930s, it never exceeded 10 per cent in peacetime. Since then there has been a sharp quantitative change, and this has given the economic role of the state a new quality. The relative increase of budget expenditures has continued in the United States under the administration of both parties, including the Reagan Administration which promised to economise on government spending. But in this list, the United States is last but one, just ahead of Japan, and while Reagan has kept attacking government squandering of money on the poor in his drive for votes among the bourgeois and middle strata, spending on social needs in the United States is, in fact, relatively lower than it is virtually in all the other countries.

It is military expenditures that mainly account for the extra-

vagant waste in the budgets of the capitalist countries, while their administrative machinery is proverbially expensive and inefficient; the facts are so glaring that two French economists writing about government finance in their country have, with some irony, proposed that the budget should have the following item: "Investments wasted in 'hopeless' funds as a result of unfortunate political decisions, obvious failures or poor management."¹

The extension of the state's social functions in the 1960s and 1970s also led to a large growth of budget expenditures in the capitalist countries. Various types of entitlement incomes resulting from a redistribution of the budget (known as transfer payments) also make up a part of the total incomes of the population, such as various forms of social insurance, including pensions, poverty aids, student grants, etc. This also includes subsidised state services in the form of medical care, pre-school educational establishments, etc.

The redistribution of incomes through the national budget, even where it does to some extent favour the poor and the poorest part of the population, does nothing to alter the class nature of the bourgeois state and its budget. The bourgeois idea of the "welfare state" is apologetic and reflects the efforts to depict the partial concessions to the working people as a transformation of capitalism into some kind of new system which no longer has the negative features of the bourgeois social system.

The growing social functions and expenditures of the state are, in effect, a form of adaptation by capitalism to the changing conditions of world development, partly under the direct and indirect impact of the world socialist system, one of whose most important principles and gains is effective social security and growing social consumption funds. Many types of government expenditure are connected with the objective need of capital itself in having a healthy, literate and skilled labour force at its disposal. If the state relied on private enterprise and commercial principles in public health care, education and occupational training, it would fail to fulfil its functions in assuring capital of optimal conditions for the exploitation of wage-labour. The relatively high rate of economic growth in the 1950s and 1960s made it easier for some governments to increase their social spending, a trend which continued to develop of its own momentum in the 1970s as well.

The state obtains through its taxes the funds it needs to expend for social purposes, and the suggestion is that it takes money from the rich and wealthy to give it to the poor and the weak. But that is not so at all in practice. The bulk of the social insurance and security contributions, from which pensions and benefits are paid out, come from the working people themselves. Any changes effected in the fiscal systems mostly amount to enlarging the list of taxable incomes by including families and individuals with moderate and low incomes.

¹ Edouard Bonnefous, Jacques Blanc, *A la recherche des milliards perdus*, Presses Universitaires de France, Paris, 1980, p. 36.

Let us recall Marx's classical formula: "Taxes are the existence of the state expressed in economic terms."¹ Nowadays, the importance of taxes naturally tends to grow with the extension of the economic functions of the state. Taxes are now the Western man's nightmare. Tax legislation is so confused that mere mortals are totally incapable of sorting it out, while the major firms and the rich employ professional consultants who help them to find numerous loopholes in law and practice so as to reduce their actual tax burden.

Progressive taxation is a principle of bourgeois democracy and the "welfare state", which means that the higher the income of a firm or individual, the greater the part of it that has to go to the state. That is, indeed, how it appears on paper. But numerous studies and facts reported by the press show that taxes are not as progressive as they are officially made out to be, and, given the right condition, they tend to develop into their opposite: the rich give up a smaller share of their income than the poor and the middle strata. Nicolas Kaldor, one of the most prominent British bourgeois economists, says that the question of the genuinely progressive taxation system remains an open one. The existing system falls far short of being truly progressive because it was formed in the course of a political process which gave obvious advantages to the wealthier groups of the population.² A tax reform is being implemented in the USA to reduce substantially the progressive increase in income tax.

The "shadow", illegal or clandestine economy is a problem closely bound up with that of taxation in the West, and it has been recently under active discussion. There are many enterprises which do not register with government agencies in order to evade the payment of taxes. It is an economic sector which, by its very nature, defies statistical registration, and there are no more than very rough estimates of its size and the magnitude of the taxes the state fails to collect. This kind of "underground" economy has extremely great proportions in Italy, and that for a number of historical reasons, such as the large numbers of the petty bourgeoisie and corruption among government officials; unregistered enterprises produce up to 30 per cent of all the goods and services.

The problem of the tax shortfall from the underground sector of economy in the United States is rather acute. This sector, closely linked to organised crime, has become such a firm part of the fabric of US society that any tax legislation plans appear to be highly dubious.

All the capitalist countries have built up intricate taxation systems, with a multiplicity of forms, in order to extract from the economy and from the pockets of the population vast amounts of money. These systems have kept evolving and adapting to the

¹ Karl Marx, "Moralising Criticism and Critical Morality", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 6, p. 328.

² See *What Should Be Taxed: Income or Expenditure?*, ed. by Joseph A. Pechman, The Brookings Institution, Washington, 1980, pp. 155, 156.

changing situation. From the 1960s to the 1980s, the fiscal systems have undergone changes that are more or less similar for the capitalist countries. The most important among these are the following:

1. Direct taxes (levied directly on incomes) are now a larger share of the total tax take, while the share of indirect taxes (included in the prices of goods and services) has been diminishing. Indirect taxes were inherited by the 20th century from the epoch of early capitalism and partly even from feudalism, but there are limits to the amount of financial (which also means material) resources the state can extract in this way. Besides, indirect taxes are included in the prices of goods and services, and any increase in indirect taxes tends at once to stoke up inflation. The declining share of indirect taxes is also due to the relative decline in the importance of customs tariffs, their key type.

2. A smaller share of taxes now goes to local budgets, while the share of the national budget has increased, a trend which to some extent coincides with the former, since the role of indirect taxes is especially great in local budgets; it also has an importance of its own because it reflects the growing centralisation of bourgeois state activity.

3. Mandatory contributions to social security funds now make up a much larger share of total state revenues. In all the capitalist countries, a part of these contributions are made by the working people themselves (these payments are in fact no different from income tax) and another part, by the employers. Contributions to social security are especially large in France and Italy, where it has been widely developed.

4. The share of taxes from the population, especially of income tax, the chief one, has substantially increased within the total amount of direct taxes, while the share of taxes on corporations (joint-stock companies) has shrunk, a trend reflecting the conversion of income tax into a truly massive tax levied on virtually the entire population. The reduction in the share of corporate taxes is due to the lower tax rates on profits and the spread of diverse tax privileges, and also to the unfavourable economic situation in the 1970s and the early 1980s, when profits in the non-military industries were low.

The actual potentialities of the capitalist state today in manipulating taxes are, however, rigidly constrained by the need to ensure normal and non-inflationary revenues to meet budget expenditures. In the late 1960s and early 1970s, all the leading capitalist countries were more or less successful in covering state expenditures by means of taxes and other conventional revenues, so that budget deficits did not have any important economic role to play (see the table). But in the course of the economic crisis of the mid-1970s, the situation underwent a change because in the period of recession tax revenues shrank, while expenditures continued to grow. In some countries (United States, FRG, France and Italy) deficits peaked in 1975 and 1976, after which there was some decline. In the 1980s, deficits began to snowball. In the United States, the Federal Budget deficit comes to \$200-250 billion a year, or

4-5 per cent of the GDP. This has negative consequences for the economy. With the national savings rate at a low point for a long time, the extraction of hundreds of billions of dollars by the state from the loan capital market leaves very little to finance the private sector, and that is one of the most important factors behind the extremely high US loan interest rates over the past several years, which have been compounding the economic difficulties. Inflation is being markedly intensified by the large budget deficits in Italy's relatively weak economy. The Italian lira is being rapidly depreciated, and this goes to exacerbate the political and social situation in the country, with negative consequences for the European Economic Community and the European Currency System, of which Italy is a member.

*Budget Deficits as a Percentage of the Gross Domestic Product
(per cent)*

	1970	1980	1981	1982	1985 ¹
United States	0.3	2.3	2.0	3.4	4.1
Japan	0.9	5.4	5.5	4.1	3.1
FRG	0.1	1.9	2.6	2.3	2.7
France	—	—	1.0	2.6	3.8
United Kingdom	—	4.9	2.8	2.0	2.7
Italy	5.1	11.0	13.2	15.5	12.0
Canada	1.1	3.4	2.8	6.2	6.8

¹ Data for the 1st-3rd quarters

Source: Calculated from *IMF, International Financial Statistics; OECD, Economic Outlook* (for the respective years).

Budget deficits tend to increase state debts, which no capitalist government has seriously tried to reduce, as this would require a substantial surplus of budget revenues over expenditures, a practical impossibility. But the steady growth of the national debt in some countries, especially the United States, has come up against formidable economic and political obstacles. Ironically, it was the Reagan Administration, whose chief announced balancing the budget and stabilising the debt as the key principles of his policy, that has been steadily increasing the debt and demanding that Congress raise the debt ceiling. Whatever their policies, the governments are impeded in their manoeuvres in all the capitalist countries by the growing tightness of state finance, for this tends to compromise the conservative-type policies and sets rigid constraints on the dirigiste policy of those governments which hope to use taxes and spending as an instrument of economic regulation.

4. Regulation: Instruments and Purposes

State regulation is a *form of SMC*, alongside such of its other forms as state property and state finance. Property and taxes can, of course, be used—and are in fact being used—as instruments of regulation, but that is not their true purpose, as will be seen, for instance, from the fact that they existed long before the very idea of the state regulating the economy; that may be seen as the *state's purposeful activity ultimately geared to the interests of the ruling class and designed to achieve a set of concrete results in the national economy as a whole*. These desired results may be highly diverse, ranging from the need to ensure acceptable rates of economic growth to compliance with standards in product quality and environmental protection. A definition of the purposes of regulation does not, of course, say anything as yet about whether these purposes are—or can—in fact be achieved.

“State regulation” as a term is usually used in a narrow sense in non-Marxist writings and bourgeois economic practices, and refers only to the influence of the state on individual enterprises and firms through the mechanism of restrictions, orders, standards, etc., so virtually excluding from regulation such key lines of state activity as anti-cyclical measures and programming (capitalist planning) of the economy. That is why the narrow view of regulation is unacceptable, although regulation on the enterprise and corporate level is of much importance within the SMC system as a whole.

There is an essential meaning in identifying two key aspects of state regulation: short-term and long-term regulation. The former includes anti-cyclical regulation, usually based on Keynesian theory, and anti-inflation regulation, which in practice assumes the form of an “incomes policy” (control of wages and prices). Many US economists claimed in the 1960s that anti-cyclical regulation could be honed to the “fine tuning” of the economy, virtually doing away with crises and sharp conjunctural fluctuations generally. In the 1967 edition of his well-known textbook, Paul A. Samuelson wrote: “By means of appropriately reinforcing monetary and fiscal policies, our mixed enterprise system can avoid the excesses of boom and slump and can look forward to healthy progressive growth.”¹ These claims, however, have hardly been justified.

Long-term regulation is designed for strategic purposes and employs certain other instruments and methods, notably programming. Purposeful influence on the volume and direction of capital investments is usually central to the system of long-term regulation, within whose framework is usually set the task of effecting economically sensible changes in the structure of the national economy, developing backward areas of the country, and so on.

A distinction is, finally, made between direct (administrative) regulation, which is effected by means of legislative enactments and acts of the executive power on the basis of these enactments,

¹ Paul A. Samuelson, *Economics: An Introductory Analysis*, McGraw-Hill Book Company, New York, 1967, p. 352.

and indirect regulation, which relies on the use of various financial instruments by means of which the government seeks to induce the private sector to behave in a desired way.

Regulation systems differ from one country to another for reasons of historical development, economic structure, the specific features of the private-monopoly and the private-capitalist sector, the form of government, and so on.

State regulation is the sphere which most fully brings out the role of bourgeois economics in formulating recommendations for the government's activity, which is not to say that regulation methods and economic policy are dependent in a one-sided manner on theory and the recommendations worked out on its basis. The objective basis of both is the concrete development of the economy and the contradictions of its development, but the policy shaped on this basis is interconnected with theory and relies on it within definite limits. The difficulties and contradictions in the development of the capitalist economy in the 1970s and 1980s are at the root of both the crisis of the bourgeois theory of state regulation and of the crisis of the forms and methods of regulation that took shape in the earlier period.

5. The Zigzags of State Intervention in the Economy

Since 1973-1974, the world capitalist economy has had to develop in worsening conditions. Mass unemployment has become a major economic and social problem. Ever sharper problems have beset the structural development of the national economy. These are epitomised by the power industry, which has felt the full effect of the haphazard economic operations by private monopolies and where the need for restructuring and reorientation has become obvious. A slightly different type of problem is presented by the gap between the high-technology industries, with their fairly rapid development, and some of the basic, traditional industries, which are in a state of protracted crisis, such as the steel and automobile industries in the United States, and also in some other countries where these industries are not flourishing at all. Inflation has become a dread disease of the capitalist economy, its new aspect being that it has not gone down (or gone down very little) even in the periods of economic recession. Indeed, the now generally known term of *stagflation* was invented to designate that phenomenon. All of this, taken together, has fettered traditional anti-cyclical regulation.

The result has been a parallel crisis of state regulation of the economy and a crisis of bourgeois economic theory, a fact which is, in effect, broadly recognised in the West, as will be seen from the following statement: "We can recall no time since the Great Depression when there has been less consensus on what to do about our economic difficulties."¹ The traditional theories of economic

¹ *The Federal Budget: Economics and Politics*, ed. by A. Wildavsky, M. Boskin, Institute for Contemporary Studies, San Francisco, 1982, p. 357.

growth and regulation have proved incapable of providing effective recommendations either for combating stagflation, or for long-term structural policy.

There have always been two camps within bourgeois ideology and politics: those who insisted on strengthening and improving state regulation, and those who wanted a "free market" and "free enterprise", with minimum state intervention. In the situation of the 1970s and 1980s, both trends have, in a sense, moved to the extremes of their spectra and have come out with more definite policy recommendations. Back in 1978, the influential US economist Robert L. Heilbroner wrote: "The shift is to economic planning, the only institutional transformation that can, in my opinion, give a new measure of life, albeit a limited one, to the capitalist system." Criticising the opponents of government intervention, he added: "To be against planning, as such, is to be for chaos, not for laissez-faire."¹ One group of US economists declared that "in a modern economy planning is not a matter of preference or ideology. It is one of immediate need. In its absence we will all suffer."²

What these economists want is, in effect, to intensify every aspect of state regulation, proposing the purposeful use of the traditional methods of anti-cyclical regulation—budget, credit and monetary policy—supplemented with an effective incomes policy, with emphasis being laid on limiting the growth of the prices of goods and services produced by the major corporations. It is also necessary, they believe, to coordinate structural (industrial) long-term policy. These views frequently contain criticism of the growing militarisation and voice support for the social functions of the state. This bourgeois-reformist concept of the instruments and purposes of state regulation is still fairly popular.

The active budget policy recommended by the bourgeois reformists provides for state manipulation of spending and taxes to influence effective demand. Whenever demand falls short of the required figure, state investment programmes and other spending, together with tax cuts, are to be brought into play. The tax cuts should affect primarily the medium- and low-income groups of the population, which are inclined to spend the extra money without delay on consumer goods and services, something that would effectively stimulate the overall level of demand in the economy. Whenever there is inflationary surplus demand, state expenditures are to be curbed and taxes raised. However, this general scheme of budget regulation proved to be partially inapplicable and partially ineffective in the concrete economic situation of the past decade. The budget structure is usually determined by a complex set of economic, political and social factors, and so proves to be too inert for such manipulations. Measures used to stimulate demand have a tendency to increase inflation, while anti-inflation regulation

¹ Robert L. Heilbroner, *Beyond Boom and Crash*, W. W. Norton, New York, 1978, pp. 79, 84.

² *Public Policy. Issues, Analysis, and Ideology*, ed. by E. Paul and Ph. Russo Jr., Chatham House, Chatham, 1982, p. 299.

tends to deepen stagnation. It is practically impossible to manipulate spending and taxes in the presence of chronically large deficits.

Credit and monetary regulation relies on indirect and flexible ways of influencing the economy. It is conducted by the central banks through the system of instruments at their disposal. The immediate object of their regulation is the mass of money in circulation (money supply) and loan interest rates, through which an influence is exerted on the economy as a whole. Within the framework of the bourgeois-reformist concept, credit and monetary policy has been mainly ancillary to budgetary policy. Being flexible, credit and monetary policy was to have the function of exerting a short-term and sustained influence on the economy, but with budgetary policy ineffective, this function of credit and monetary policy likewise turned out to be doubtful.

It transpired, as early as the 1950s, that both these methods of regulation were not all that relevant to combating inflation, which is mainly fuelled by monopoly price-formation. The need to combat inflation forced many capitalist countries to set in motion different versions of the incomes policy, whose main form is the capping of wages by means of diverse ceilings and norms. In order to conduct its incomes policy, the state seeks to act as an intermediary between capital and labour, and between the big companies and the trade unions, its main purpose being to keep the economic class struggle within legal and well-ordered boundaries, and to rule out any acute forms of struggle that could pose a danger to the bourgeoisie. Incomes policy is presented as a remedy for inflation benefiting the society as a whole, and every effort is made to involve the trade unions in realising the governments' policy, with success achieved in many cases.

Virtually all the developed capitalist countries conducted incomes policies in one form or another in the 1960s and 1970s, and they continue to be a necessary element of state regulation even today as a means for slowing down the growth of wages. But the heavy inflation of the 1970s showed it to be ineffective, and in some cases it became burdensome for big capital, which prefers the free fixing of prices and the settlement of the problem of wages directly with its labour force, especially since the positions of the working people have been weakened by the economic crisis and mass unemployment in the 1980s. Direct state control of wages and prices was used in the United States from 1971 to 1974, subsequently giving way to an informal system of recommendations and reference points, while the Reagan Administration began by abolishing the government agency in charge of these matters.

There is evidence of some changes in the instruments and purposes of budgetary, credit and monetary policy, with less emphasis on the short-term and conjunctural aspect and more on the long-term aspect, for the purpose of stimulating the operation of the spontaneous forces of economic development.

Capitalist Planning

The trend towards balanced development is realised within the framework of large private-monopoly economic complexes, but on the scale of the society as a whole it comes up against the anarchy of production, and this produces the objective need for intervention by the state. Engels says that "the official representative of capitalist society—the state—will ultimately have to undertake the direction of production".¹

Capitalist planning naturally evolves at a definite stage as the state does more and more to direct production. Capitalist planning differs in principle from socialist planning, which rests on the whole people's property in the means of production and on the state of the whole people, but the record shows that within the rigid limits set by private capitalist property, planning in the capitalist countries is not only possible, but objectively necessary. In contrast to socialist planning, it is neither complex nor directive. In the society based on the exploitation of man by man, planning has a fundamentally different economic and social content and is geared to the interests of big capital. In view of these fundamental distinctions, Soviet economists frequently designate capitalist planning by the term "programming".

The Soviet economist Yevgeny Varga was the first to consider the possibility and necessity of programming (capitalist planning). He remarked on the limits for this kind of state activity, and added: "That does not mean that under capitalism any type of 'planning' is impossible. Of course, everything can be reduced to a debate about words, claiming that all the measures of the capitalist state by means of which it tries to influence the volume and character of production, distribution of capital investments, etc., are not 'planning'. But then we deprive ourselves of the possibility of carrying on our concrete analysis."² In a contemporary capitalist economy there can be no genuine or full-balanced development, since it keeps being undermined by the spontaneous nature and anarchy of the whole of social production. In order to show the peculiarities of planning under capitalism, it is sometimes called indicative, i.e., not based on binding norms laid down by the state, but on recommended estimates.

In the more than 40 years that have passed since the war, a great diversity of programmes and plans has taken shape in many capitalist countries, and these can be classified under two main heads: 1) the extent to which they are binding and backed up with concomitant state measures; and 2) the extent to which they encompass the national economy.

On the one hand, there are plan projections which are not backed up with any real state measures in finance, administrative

¹ Frederick Engels, "Socialism: Utopian and Scientific", in: Karl Marx and Frederick Engels, *Selected Works* in three volumes, Vol. Three, 1973, p. 144.

² Ye. S. Varga, *Essays on the Problems of the Political Economy of Capitalism*, Politizdat, Moscow, 1965, p. 47 (in Russian).

regulation, etc. On the other, in some cases plans are backed up with a more or less developed system of such measures. The latter type of plans are usually more realistic than the former.

Any objective set by the state for which funds, methods and sequence of operations have been defined may be called a programme. Sectoral, multisectoral, regional and national programmes have all been applied under postwar capitalism. The United States has a high level of programming, considering the scale and back-up of state military-technical, space programmes, and so on, but on the national level planning in the United States has never gone beyond prognostications or purposeful economic-indicator estimates produced by government agencies, which have no binding force and are backed up only with the most general instruments of economic regulation, mainly budget, credit and monetary policy. That is due to the most important peculiarities in the development of US capitalism, namely, the strength and influence of the private-monopoly sector and its vast potentialities, the insignificance of the public sector in the economy, the traditions of minimum interference by the federal government in the affairs of business, and the relative weakness of the reformist trend in the strategy of the ruling class.

By contrast, more favourable conditions for introducing elements of national planning have taken shape in the postwar period in Western Europe (and to some extent and in a peculiar form also in Japan). Among these conditions are: the economic dislocation as a result of the war and the need for emergency measures to overcome it; the relative weakness of national capital and its urge to rely on the state; the existence of a sizable public sector and the traditions of vigorous economic activity by the state in many countries; the process of West European integration and the search for ways to "harmonise" national economic policy; and the existence of left-wing and left-of-centre governments in some of these countries.

Planning assumed the most elaborate forms in France and Holland, and also spread to many other countries of Western Europe in the 1950s and 1960s. In France, plans (which usually ranged over periods of about five years) were framed by the General Commissariat for Planning and contained a system of quantitative indicators for production and some quality parameters. It is extremely hard to say just how effective French indicative planning is. Most specialists believe that it did have a definite role to play in the two postwar decades in helping the economy to overcome its postwar difficulties, in markedly modernising its structure and making it more competitive on the world market. The French experience of indicative planning was seen in a positive light in the capitalist world until the mid-1970s, and some of its elements continued to spread to other countries.

A definite turning point was reached in planning in many countries somewhere in the mid-1970s, and it was closely connected with the crisis of the theory and practice of state regulation as a whole. The tendency to reject or minimise the importance of plan-

ning and to emphasise all its shortcomings appeared and gained in strength. The French experience was now more frequently seen as an experiment which had been relevant only in the concrete conditions of the early postwar decades.

The role of national planning was minimised and narrowed down as powerful West European and Japanese monopolies emerged in the international arena, being now less in need of the old forms of aid and chafing under the plans which they had to tolerate. With the ever greater growth of the economic interdependence of the capitalist countries, especially in Western Europe, national planning systems turned out to be inadequate, while the capitalist countries were unable even to contemplate some kind of supranational system of planning.

There has been a quest for new forms to combine "plan and market" in all the capitalist countries in the recent period. National plans, wherever such are drawn up and approved, have a tendency to be increasingly reduced to prognostications, to the laying down of a general framework for economic development, without any direct back-up by means of concrete financial and other programmes. As in enterprise ownership, state planning seeks increasingly to rely on various "mixed" institutional forms and on cooperation between the state and the private sector.

The sectoral approach has been greatly strengthened and has come to the fore over the past decade, so depriving national planning of any real meaning. In many cases it assumes the form of so-called *industrial policy*, by which is meant purposeful state activity, usually formalised in a long-term programme, to effect structural shifts in the economy in order to enhance its efficiency, on the basis of close cooperation with the private sector. Industrial policy is based on a "harmonisation of interests" of the state and big capital, with efforts made to involve the trade unions as well. Industrial policy so conducted is depicted as a system of transformations being carried out for the benefit of the nation as a whole, although in actual fact it serves the interests of the bourgeoisie. In this concrete form, there is ever more frequent evidence of the tendency towards balanced development within the framework of capitalism transcending the boundaries of individual capitalist firms.

The conduct of industrial policy in Japan is of considerable interest. Its general outlines were sketched out in a national plan, known as the "New Plan for Economic and Social Development" for 1979-1985, which formulated the problems of economising on material resources as the top priority for the country. The leading role is assigned to independent operations by private enterprise and the market mechanism, with the state having the function of promoting the swing towards a reduction of the material-intensiveness of production and easing its social and regional effects. The power industry ranks first among the lines of industrial policy. Here the activity of the state is diverse and includes a variety of instruments, ranging from direct administrative regulation to organising and funding R&D designed for economies and the develop-

ment of new sources of energy. The balanced fold-up of production in some material-intensive and energy-intensive industries and the selection in these of the most profitable enterprises is another key line of industrial policy. The first law on "structurally depressive industries" was passed in 1978, and in 1983, the second law. The purpose of this policy is a resolute improvement in the structure of the Japanese economy and the creation of favourable conditions for its intensification and accelerated development of high-technology industries.

Japanese industrial policy contains an intricate and thoroughly elaborated system of state financial, administrative and other measures, and includes a number of forms of cooperation between governmental agencies and private firms. One of its principles is gradually to transfer material- and energy-intensive (and also some labour-intensive) industries to the developing countries through the export of Japanese capital.

Japanese industrial policy is confronted with exceptionally great difficulties and obstacles, one of them being the provision of jobs for working people made redundant in the folded-up industries. Contradictions between Japan and its main trading partners are being exacerbated over the expansion by Japanese firms on high-technology markets. It is hard to predict to what extent Japanese capitalism will be able to overcome these difficulties, but it is evident, at any rate, that the Japanese government's industrial policy is designed to shape a new economic structure, some of whose features already anticipate the future features of the capitalist productive forces.

7. Right-Wing Conservatives: What Is New in Economic Policy?

Conservative economic policies are being conducted by the British Tories, the right-wing Republicans in the United States, the New Coalition in the FRG, the Liberal Democratic Party in Japan, and by the right-wing and right-of-centre parties in power in some of the smaller countries.

Present-day conservatism in the West is often called radicalism in order to emphasise its pronounced right-wing features and aggressiveness. Its manifestations in economic and social policy in the individual countries have much in common, although the concrete forms are largely determined by national conditions. This means utmost support and a free hand for capital, especially big capital, and an offensive against the working people's rights and interests. It also means an attempt to overcome the economic difficulties by reviving and stimulating the spontaneous force of capitalist development, the "market forces".

Conservative economic policy is also a response to the wide-ranging internationalisation of production and capital that has been under way over the past two or three decades. The interlacing of the economies, the operations of the TNCs, and the formation and growth of an international loan capital market have

demonstrated the inefficiency of the traditional forms of SMC ever more clearly, and this has helped to consolidate the positions of conservatism with its slogan of deregulation.

The need for some kind of new approach is most strongly felt in Britain, where stagflation assumed its classical forms. The specific situation in the late 1970s and the 1980s led to the formulation of a new approach under the banner of a "new conservatism", which the press has called Thatcherism.

In its efforts to stimulate private-capitalist enterprise, the accumulation of capital and rationalisation and modernisation in industry, the Tory government has reduced direct taxes on company profits and on the earnings of the bourgeoisie and the middle strata, with severe economies on social spending, and a drive against inflation by means of restrictive measures in credit and monetary policy. The privatisation of state enterprises is a special plank of the Thatcherist platform. From 1981 to 1985, the Tories sold off several major government-owned companies, including Britoil, North Sea producer of oil and gas, and British Aerospace, maker of aircraft, missiles and space systems, with the government reserving the right to a 45-50 per cent stock option. Other major deals are under way or in the pipeline. Private capital, including foreign capital, is participating in various forms in giant public-owned concerns in electric-power supply, telecommunications, natural gas and the steel industry. The privatisation of loss-making enterprises turns out to be not easy, and the government will hardly be able to get rid of its loss-making coal mines, ship-building yards and automobile plants.

The return of a large part of the public sector into the hands of private capital in Britain is an important event in the history of SMC. One US economist suggests: "To some extent, it seems, you *can* turn the clock back after all."¹ This is an indication of the complex structure and policy of SMC, which assumes a diversity of forms in its development in the contradictory world today. One of the first steps of the right-wing government in France, which took office in 1985, was to push through a bill on the re-privatisation of a large number of enterprises in the public sector.

What has come to be known in the West as Reagonomics is even more important for shaping the leading type of SMC in the 1980s. When it was just being launched, one West European economist wrote: "The success or failure of Reagan's economic policy will, in any case, be significant as an example for the other countries trying to determine their own economic policy."² The FRG has switched to such an economic policy, and in his government statement on May 4, 1983, Chancellor Helmut Kohl claimed that "the whole historical experience of our century teaches us that the more the state refrained from interfering, the more successfully

¹ Andrew C. Brown, "For Sale: Pieces of the Public Sector", *Fortune*, October 31, 1983, p. 84.

² Horst Siebert, "La politique économique du président Reagan peut-être réussir", *Problèmes économiques*, May 6, 1981, p. 32.

did the economy develop... We want less government, not more of it."¹ One of the first things the West German conservatives did was to cut back social spending in the budget and hold out tax privileges for the major enterprises so as to stimulate capital investments.

As in Britain and the FRG, the right-wing conservative forces in the United States, while catering for the interests of the monopolies and the MIC, rely on sizable strata of the middle and petty bourgeoisie and the better-off groups of employees and workers that were dissatisfied with the policy of Reagan's predecessors, who raised taxes and allowed inflation to get out of hand. Besides, they are also irritated by "too much government" and its "waste" of money on social programmes. Action in these areas was made central to the Republican Party's economic platform.

However, a sharp increase in military expenditures is the core of Reaganomics, and this is determined by the government's military and foreign policy. Arms manufacture has become an integral part of the economy, and no important problem can be examined without taking its role into account. The government expects that even while it increases its military expenditures, the vast resources of the US economy will allow the country to have "both guns and butter", that is, to maintain the military sector without detriment to investments and consumption. The most cynically-minded politicians and journalists make no secret of the fact that the idea is to exhaust the Soviet economy by pushing it into a new round of the arms race.

Tax reform is an important plank of Reaganomics. Income tax was reduced by an average of 23 per cent in three annual cuts from 1981 to 1983, with much propaganda fanfare over the exercise. Capital gains tax was also lowered. The reform was put through in such a way as to give greater benefits to families and individuals with high and medium incomes, its main purpose being to increase these social strata's propensity to save and invest capital so as to increase the national rate of accumulation, which is much lower in the United States than it is in the other leading capitalist countries, especially Japan and the FRG. New tax privileges were also held out to corporations in order to stimulate their investments.

Cuts in the non-military and social items of the budget are dictated, first, by the need to finance military spending, and second, by the general ideology of reducing the "charity" functions of the state. So, there is a slicing of programmes for unemployment and disability benefits, and postal and public transit subsidies, with the cuts deliberately made in such a way as to affect mainly the lowest-income strata of the US society.

The credit and monetary policy of the Federal Reserve Systems (FRS) is an important element of Reaganomics. Back in 1979, the FRS announced that it would have only one principle to guide its activity, namely, to keep the growth of money supply

¹ Helmut Köhl, *Programm der Erneuerung*, Presse und Informationsamt der Bundesregierung, Bonn, 1983, p. 12.

low and relatively stable, a policy that has been fully elaborated under the Reagan Administration. In order to neutralise the inflationary impact of the vast budget deficits and to limit the growth of money supply, the FRS has conducted a rigidly restrictive credit and monetary policy, keeping bank reserves and credits to the economy at a low level. High interest rates are the most important consequence of this policy. In contrast to the Keynesian prescription of keeping interest rates as low as possible in time of recession, the FRS has conducted a policy of so-called monetarism, which means leaving interest rates to be determined by the free play of market forces. But the high interest rates are a factor behind the fresh recession.

It is in the spirit of the general ideology of conservatism to substitute indirect financial instruments of regulation for administrative ones. Among the industries subjected to deregulation are trucking, civil aviation, banking, telephone and railroads, but deregulation tends to generate new contradictions and problems, pushing up prices and tariffs, crowding out less profitable enterprises and worsening the quality of services. The business press says that the government and Congress are already under strong pressure for a partial return to regulation in these industries.¹

Environmental protection is an area in which deregulation and privatisation are under way on a large scale. Federal expenditures for these purposes have come under the axe of the economies being made to get more money for military purposes, which means much more stringent selection of government-funded ecological projects, with emphasis on commercially profitable ones. Some functions of control and regulation in the economic sphere are being handed over to the local authorities which are, however, short of funds to exercise these. Private enterprises are increasingly engaged in self-regulation in this area, applying purely commercial principles to environmental protection, which naturally tends to weaken the whole of ecological policy, a key element of state regulation throughout the 1960s and 1970s. Ecological standards and government-control procedures are relaxed for the benefit of private enterprise, while the framing of new environmental protection legislation has been suspended.

The growth of the free-market element in modern capitalism did not, of course, signify a return to laissez-faire, i.e., to a system of "free enterprise", since history does not repeat itself, and the clock cannot be put back that far. Indeed, the forms of state intervention in the economy are being modified rather than reduced.

¹ See *U.S. News & World Report*, October 31, 1983, p. 22.

5

THE MOLOCH OF IMPERIALISM

The last two decades of the 20th century are marked by mammoth military preparations by imperialism and its stake on militarism as the chief instrument of class domination and aggression, so that an analysis of the basic aspects and trends of militarism is an important part of the analysis of present-day capitalism.

1. Militarism, the Last Hope of Survival

Marxism-Leninism regards militarism as a product of the society's split into antagonistic classes, and as an instrument of class domination. The development of militarism is a component part of the history of class socio-economic formations, especially of capitalism, under which it has evolved into a terrible force demanding ever greater human suffering and sacrifice.

Virtually every Western encyclopaedia insists that "militarism is the prevalent influence of the military in the life of the state, and is a political system resting on the army".¹ That is a superficial definition designed to present militarism as some kind of universal phenomenon that is characteristic of the most diverse countries, regardless of their economic and social system; it provides no answers to questions about its origins, nature and evolution. Bourgeois apologetics of militarism—and bourgeois criticism of it almost to an equal extent—deny its class roots and its fundamental bonds with capitalism, especially at the imperialist stage of its development.

As a social phenomenon, militarism has many faces. Lenin says: "Modern militarism is the result of capitalism. In both its forms it is the 'vital expression' of capitalism—as a military force used by the capitalist states in their external conflicts ('Militarismus nach

¹ See, for example, *Grand Larousse encyclopédique*, Librairie Larousse, Paris, 1931, Vol. 7, p. 876.

aussen', as the Germans say) and as a weapon in the hands of the ruling classes for suppressing every kind of movement, economic and political, of the proletariat ('*Militarismus nach innen*')."¹ Just how powerfully active this "vital expression" of capitalism is today was demonstrated by the two world wars and the whole record of imperialism.

The inner function of militarism has grown in importance, and the use of armed force in the interests of the exploiter classes has not only assumed the greatest proportions, but also involves a diversity of "strong-arm" techniques used to suppress discontent and protest by the working people. The system of class oppression is maintained and consolidated not only through the use of the national armed forces, but also through a coordination of action within the framework of the military-political blocs of imperialism.

The role of the external function of militarism has been vastly increased. The economic and political roots of 20th-century militarism lie deep within imperialism itself, which is "distinguished by a minimum fondness for peace and freedom, and by a maximum and universal development of militarism".² Modern history presents a maze of the most closely interwoven predatory and counter-revolutionary features of militarism under the mounting general crisis of the last exploitative socio-economic formation.

Bourgeois political leaders and scientists are incapable of refuting this conceptual approach or countering the Marxist evaluations with anything but the claim that militarism as a social phenomenon is "global", and deliberately ignore the fact that under socialism there are no classes or social strata that could derive economic or political benefits from war or preparations for war. Bourgeois spokesmen are merely trying to find ways of clearing imperialism of the blame for militarism, which has grown into the ugliest and most dangerous monster of the 20th century.

Militarism in the present epoch (and its main content is the transition from capitalism to socialism started by the October Revolution) has the following essential features:

—the sharpest edge of militarism is directed against the Soviet Union and the socialist community as a whole, against the communist and working-class movement, against the peoples of the newly liberated states and the mass democratic movements;

—the use for military purposes of the latest STR achievements, the inclusion of nuclear missiles and other weapons of mass destruction in the military arsenal, their stockpiling and their qualitative improvement, the conversion of mankind's productive forces into instruments of destruction, and the waste of vast resources for military purposes;

—the development of militaristic processes on a permanent

¹ V.I. Lenin, "Bellicose Militarism and the Anti-Militarist Tactics of Social-Democracy", *Collected Works*, Vol. 15, 1977, p. 192.

² V.I. Lenin, "The Proletarian Revolution and the Renegade Kautsky", *Collected Works*, Vol. 28, p. 239.

basis, the maintenance of massive armies and a large-scale arms industry in peace-time, and diversion of manpower, material and financial resources for military purposes;

—the shift of the centre of militarism after the Second World War from Western Europe to the United States, which now leads the imperialist powers in level and pace of military-strength build-up and its use in aggressive foreign policy;

—the spread of military preparations to the whole world capitalist system on an unparalleled scale and the development of military-integration processes, primarily within military-political groupings.

The features of present-day militarism and the US contribution to its development are closely bound up with the ways in which the United States is involved in the world economy and politics as the leading imperialist power.

With its reactionary and aggressive substance, militarism is inseparable from the existence of classes and the class struggle on a national and international scale. Militaristic processes in the United States and other imperialist countries are based on the interests and requirements of the ruling class—that is a fundamental conclusion drawn by Marxist-Leninist science, which helps to gain a deeper insight into the inner workings of modern militarism. “Owing to its social nature, imperialism ceaselessly gives rise to aggressive, adventurist policy.

“Here we can speak of a whole complex of motives involved: the predatory appetites of the arms manufacturers and the influential military-bureaucratic groups, the selfish interest of the monopolies in sources of raw materials and markets for their goods, the bourgeoisie’s fear of the ongoing changes, and, lastly, the attempts to resolve its own increasingly acute problems at socialism’s expense.”¹ The problem of its class roots has yet another exceptionally important aspect relating to the mechanism of militaristic processes in the capitalist world, to the activity of *military-industrial complexes as a special component of that mechanism*.

“The monopolies that manufacture arms,” it is said in the new edition of the CPSU Programme “the military, the state bureaucracy, the ideological machine and militarised science that have merged to form the military-industrial complex have become the most zealous advocates and makers of policies of adventurism and aggression.”²

The close bonds between the major monopolies involved in arms manufacture and the state apparatus, primarily its top military echelons, will be found not only in the United States, but in the other developed capitalist countries as well. However, in the United States, the activity of the MIC and its negative social consequences have assumed much greater proportions than they have in the rest of the capitalist world. Within the many-faceted system of monopoly-state relations, the partnership of the arms business

¹ Mikhail Gorbachev, *Political Report...*, p. 12.

² *The Programme of the Communist Party of the Soviet Union*, pp. 23-24.

and the military establishment has some unique features, going beyond the state regulation of this or that form of monopoly activity, which is typical of the civilian sphere, to constitute a state-monopoly alliance.

The major MIC corporations in the United States, acting as the Pentagon's prime contractors and organisers of arms manufacture, constitute a stable group of corporations, whose output consists mainly or essentially of military products. This group of corporations has solid positions in the US business world and assures its shareholders and managers of high earnings through lucrative work on government arms contracts. The core of the US arms business is made up of 25 major MIC corporations (General Dynamics, Macdonnel Douglas, Hughes Aircraft, Grumman, Lockheed, United Technologies, Boeing, and Martin-Marietta, among others).

Convincing evidence of the exceptionally great profitability of the arms business is provided by the postwar record of the United States and the other imperialist states. Arms production organised on the basis of private property (and this is most characteristic of the United States) holds out the prospect of a much higher rate of profit on arms contracts as compared with that to be had from the manufacture of civilian products. Pentagon spokesmen keep making public statements about the special stimulating role of profits in recruiting the private sector for solving the problems in the country's continued militarisation. Arms manufacture has become a highly profitable sphere of monopoly activity, and the corporations' economic interest in arms contracts and profits leads to inflated military budgets and a stepped-up arms race.

The top men at the US military departments likewise have a stake in keeping military profits high and growing. US publications frequently tend to reduce this to considerations of prestige and the craving for power on the part of the country's military leadership, but one cannot ignore the direct and indirect economic interests connected with militarism. Nor are these merely the high salaries, pensions and other benefits to be got from the Federal defence budget. There have been scandalous exposures of the involvement of top military men in the exorbitantly high profits of the arms manufacturers, who use the most diverse means to pay for the services of those who help them win and fulfil arms contracts. There is the highly important and widespread practice of providing sinecure jobs in MIC corporations for senior officers going into retirement.

The class essence of present-day militarism, therefore, has a two-fold manifestation. On the one hand, the military machine and the arms industry originate and evolve as a product of the bourgeoisie's general class needs to develop militarism and provide the ruling class with an instrument of domestic and foreign policy. On the other hand, the merger of the interests and active partnership between senior military leaders and the major, mostly private, MIC corporations has been a tangible reality over the past three

or four decades. The consequent MICs no longer have an auxiliary militaristic role to play with respect to the ruling class; they are out to take over the political levers having evolved into a most active and independent factor in speeding up the militaristic processes. "The USA, its military-industrial machine remains the locomotive of militarism, for so far it has no intention of slowing down. This has to be taken into consideration, of course. But we are well aware that the interests and aims of the military-industrial complex are not all the same as the interests and aims of the American people, as the actual national interests of that great country,"¹ says the Political Report of the CPSU Central Committee to the 27th Party Congress.

It is of considerable political importance to draw a line of distinction between the general-class and the group (narrow-class) interests in the development of militaristic processes. The MICs' activity turns out to be one of the factors in the separation of forces not only in this or that country, but also within its ruling class. Bourgeois leaders in the United States have criticised the hypertrophied militarism and have demanded drastic cuts in the military budget—by tens of billions of dollars.

In the closing years of the 20th century, the struggle against militarism, for an end to the arms race, and for disarmament could well become a broad general democratic movement involving the widest strata of the population, including those bourgeois circles which take a sober view of the negative political, economic and social consequences of militarism, are inclined to political realism, and are not interested in the arms business.

2. Towering Stockpiles of Weapons

End-of-century militarism has assumed unprecedented proportions. The economic potentialities, which have increased from the rapid development of the productive forces, are being used by SMC to allot vast resources for military purposes.

The imperialist powers, led by the United States, started the postwar arms race, which is a process of accelerated stockpiling of weapons and military hardware and their qualitative improvement through the ever more extensive use of high technology for military purposes. The development of militarism will be seen above all in the steadily growing strength of the war machine, in the bloated staffs of military departments, and in the ever greater influence exerted by the militarists on the capitalist countries' political, economic, social and spiritual life.

Since the Second World War, the capitalist states have maintained large armed forces. In 1985, the NATO countries' regular armed forces (without reserves and numerous paramilitary formations) totalled 5.4 million. Modern armies differ from the armed

¹ Mikhail Gorbachev, *Political Report...*, p. 80.

forces of the past not only by being more massive, but also by being very much more heavily equipped and wielding immensely more powerful means of destruction.

Although dozens of countries were involved in world wars with capitalism's transition to its imperialist stage, until the Second World War only a handful of capitalist states were hotbeds of militarism. Militaristic preparations in the capitalist world are now being globalised, with the arms race spreading to every continent and generating new centres of militarism. Very many more states now maintain immensely more powerful armed forces.

The United States has become the chief centre of present-day militarism. US imperialism has built up a vast military machine. The US Armed Forces now number nearly 3 million men, including over 2 million in the regular forces, and about 1 million in the organised reserves. The Pentagon also has about 1 million civilian employees. The United States has created numerous military-strategic bases on the territory of many other countries. The US Armed Forces have roughly 1,500 bases and military installations in 32 countries. At the end of 1985, 513,000 US troops were stationed overseas, including 322,000 in Western Europe, and 115,000 in the Pacific and the Far East.¹

The United States was the first to develop and arm itself with nuclear weapons (mid-1940s), with intercontinental strategic bombers (mid-1950s), nuclear-powered submarines (mid-1950s), multiple independently targeted warheads (late 1960s), cruise missiles (mid-1970s), and other new weapons systems.

The drive for military-technical superiority and the urge to develop ever more "effective" means of destruction make for the especially high level and the relatively fast rate of growth of US outlays on the procurement of new types of weapons and on military-related R&D. Total spending for these purposes went up from \$42.1 billion in 1980 to \$108.8 billion in 1986, and is expected to go up to \$121.1 billion in 1988.

The US Administration's military programme envisages a modernisation of all the components of the armed forces, a greater capability for US military intervention in events in any part of the globe, which has been declared a sphere of US "vital interests", US superiority on the high seas and constant access to the key sources of raw materials, a higher state of combat readiness and capability of the conventional armed forces to carry on protracted military operations, etc.

The continuously growing military might of the USA and the huge arsenals of stockpiled weapons and military equipment are indicative of the unprecedented rates of the arms race in the country. For years, US ruling quarters have laid emphasis in their aggressive plans on the development of qualitatively new weapons systems. A large number of weapons systems is at the stage of

¹ *U.S. News & World Report*, December 26, 1983/January 2, 1984, Vol. 95, No. 26, pp. 50-51.

development and production. According to Pentagon data, the total cost of 93 major weapons programmes as of September 1985 came to \$778 billion.

The Reagan Administration adopted a programme for modernising its strategic triad, an extremely dangerous programme for building up the means of mass destruction at a tremendous cost. Developed and deployed are MX ICBMs (with the programme for their development and manufacture estimated to cost \$21.5 billion), submarines carrying Trident II ballistic missiles (at a cost of about \$53 billion) and B-1B strategic bombers (over \$28 billion).

The development and manufacture of conventional weapons is an important part of the plans for building up the US armed forces. Major programmes are being implemented to re-equip the army with new and improved types of aircraft, armoured vehicles, and artillery and infantry weapons. The scale of ship-building has been substantially extended. The number of warships in the US navy is to go up from 479 in early 1981 to 600 in 1990; over 7,000 Abrams tanks are to be purchased for the army; and the production of artillery and infantry weapons and ammunition is to be markedly increased.

The United States has continued to enlarge and improve its arsenal of chemical weapons, with great emphasis on the production of so-called binary weapons.

Steps are being taken to make the general-purpose forces more mobile, not only by improving the ferrying and transport facilities, but also by developing transport systems which could be used for military purposes. Special rapid deployment forces have been set up.

The US line of militarising space poses an extraordinary danger to peace. President Reagan's March 1983 Strategic Defence Initiative (SDI), known as the Star Wars programme, is designed to achieve military superiority over the USSR via space. It is called a "defence" programme as a cover-up for the development of a new class of weapons, namely, space strike weapons, which would sharply increase the danger of war. The militarisation of space would scrap a number of international agreements aimed at limiting military preparations and would create new and virtually insurmountable obstacles to negotiations on checking the nuclear arms race.

If the SDI programme is implemented, the arms race is bound to be stepped up, calling for exceptionally large outlays. The total cost of the SDI programme is expected to come to over \$1 trillion, according to some US estimates. Others put the figure much higher. Senator William Proxmire has told the US Congress, for instance, that the development of Star Wars weapons would cost more than \$1 trillion, with the expenditures under the programme totalling over \$2 trillion.¹ The involvement of other countries in Star Wars is bound to multiply military spending throughout the world

¹ *Aerospace Daily*, Vol. 136, No. 14, November 27, 1985, p. 109.

That the United States is acting as a locomotive of militarism will be seen from the development, functioning and systematic build-up in the country of a military-industrial base capable not only of satisfying current military requirements, but also of sharply extending the manufacture of weapons and other military material, should the need arise.

The Pentagon and its MIC masters have mounted massive propaganda campaigns and flooded the population of the United States and other countries with slanderous inventions about some "Soviet military superiority" and a "Soviet military threat", in order to justify an arms race of vast proportions, while making it harder to negotiate on limiting and reducing armaments. One of such pamphlets, *Soviet Military Strength*, which stands out in saturation with falsified data, is being regularly re-issued by the Pentagon and widely used for briefing Western mass media. Such militaristic campaigns funded from the Federal budget render the Pentagon akin to private business, which makes profits on "defence", for instance, by turning out militaristic films like *Red Dawn*, *Iron Eagle*, *Invasion of the United States*, *Rambo: First Blood. Part Two*, *Amerika*, etc. This helps Washington to make use of the atmosphere of militaristic hysteria to push through the adoption of arms programmes and reject practical measures in disarmament.

Other imperialist states, notably the NATO partners of the United States, are also working hard to build up their military strength. The FRG has become the strongest military ally of the United States, while the Bundeswehr has grown into NATO's main strike force in Western Europe, with a numerical strength of 495,000. It is the most highly equipped army of all the European armies of the NATO bloc. The FRG accounts for nearly 50 per cent of NATO troop strength in Central Europe, for 50 per cent of the air defence forces, for 30 per cent of the combat aircraft, for almost 70 per cent of the naval forces in the Baltic, and for almost 10 per cent of all the naval aircraft. The FRG's military expenditures went up from DM 37.6 billion in 1975 to DM 60.4 billion in 1986. It has adopted an extensive programme for modernising and building up all types of armed forces, earmarking vast funds for the development and production of the latest types of weapons and military hardware (aircraft, tanks and armoured personnel carriers, air defence missile complexes, warships, etc.).

Britain's military expenditures are being raised at an ever faster pace: its military budget increased from £5.2 billion in 1975 to £19.2 billion in 1986. In 1982, the Thatcher Government decided on a gradual replacement of four nuclear submarines carrying Polaris A-3 ballistic missiles with Trident II missile armed submarines, at a cost of more than £10 billion over a period of 15 years.

France's military expenditures have been steadily going up: from Fr. 55.9 billion in 1975 to Fr. 196.5 billion in 1986.

The NATO countries' adoption of a long-term and large-scale programme for building up the bloc's military strength is a characteristic feature of the present stage of their militaristic preparations. In May 1978, the NATO Council succumbed to US pres-

sure and decided to have all the members of the bloc increase their military expenditures by 3 per cent a year in constant prices. The United States has been intensifying pressure on its NATO partners to make them increase military preparations even faster and to shoulder a greater share of the bloc's military spending.

The aggregate direct military expenditures of the NATO countries increased (in constant prices adjusted to the average 1985 exchange rate) from \$218.2 billion in 1960, to \$281.3 billion in 1970, \$276.0 billion in 1980, and \$371.2 billion in 1986. From 1949 to 1986, they totalled \$9.7 trillion including \$2.0 trillion over the past ten years.¹

*Military expenditures of the NATO countries
(total over 5 years, billion dollars, in constant
prices, the average annual currency rate, 1985)*

Period	NATO	United States
1951-1955	1,076.3	860.2
1956-1960	1,087.9	834.0
1961-1965	1,201.6	896.8
1966-1970	1,483.5	1,158.6
1971-1975	1,330.3	958.2
1976-1980	1,318.4	899.9
1981-1985	1,636.6	1,359.4

Militaristic preparations have also assumed large proportion in other capitalist states, notably Japan, whose remilitarisation has been accelerating; the National Defence Administration's New Five-Year Plan (1983-1987) for modernising and equipping the armed forces will cost the Japanese people 24 trillion yen.

Tens of young states recently risen to independence are being drawn into the arms race.

Arms exports by the capitalist countries have gone up sharply. From 1973 to 1984, they were valued at \$174 billion, including \$83 billion for the United States, \$27 billion for France, \$16 billion for Britain, \$12 billion for the FRG, and \$9 billion for Italy.² The United States accounts for roughly one-half of the capitalist countries' arms exports. The Reagan Administration has lifted the Carter Administration's restrictions on the sale of arms, and has got down to expanding the export of weapons: from 1973 to 1984, the United States exported almost 1,000 military aircraft, 1,800 tanks, and over 100 warships. In pursuit of their self-seeking military, political and economic objectives, the imperialist powers have kept replenishing and renewing the

¹ Calculated from *Armaments and Disarmament. SIPRI Yearbook* for the respective years; *NATO's Sixteen Nations*, December 1984-January 1985, Vol. 28, No. 8, p. 87; *International Financial Statistics* for the respective years.

² Calculated from *World Military Expenditures and Arms Transfers*, ACDA Publication 123, Washington, 1985, p. 43.

arms export mix, with the latest weapon systems being delivered to other countries.

The main flow of weapons (at least 60 per cent) from the leading NATO countries has recently gone to LDCs in Asia, Africa and Latin America, with a negative effect on their economic and social development. In addition, large consignments of weapons have gone to countries with reactionary and repressive regimes, such as the Republic of South Africa, Chile and South Korea, which are being used as strongpoints of imperialism.¹

3. The Stake on Military Strength

A new stage reflecting the shifts in imperialist policy began in the development of militarism in the late 1970s and early 1980s, especially since the Republican Administration took office in the USA. One US journal described its policy as follows: "The Reagan Administration's belief that from the nettle of nuclear holocaust it can pluck a flower of victory, regardless of the millions of dead on both sides, is an idea as old as the atomic age itself. Indeed, much of what the Reagan Administration is saying and doing about nuclear weapons is alarmingly consistent with the views of those who were beguiled by the coercive possibilities of nuclear superiority in the mid-1950s."² That is the gist of the matter: at the beginning of this decade, US ruling circles have made their stake on fighting a nuclear war and winning it, in the hope that their military preparations will upset the military parity between the USSR and the United States, and between the Warsaw Treaty Organisation and NATO, so giving the West military superiority. Hence the escalation of imperialist militarism.

This was a desperate attempt to turn back the clock and hurl mankind back into the past, and to alter, by means of stepped-up militarism, the fundamentally new military-strategic situation which is characterised by a radical change in the balance of forces between countries with different social systems. The USSR and the fraternal socialist countries put in a tremendous effort to do away with imperialism's military superiority. This is socialism's great historical accomplishment. As a result, a rough military-strategic equilibrium was actually established between the USSR and the United States, and between the socialist and the capitalist world in the 1970s and 1980s, a parity under which the aggressive strivings of imperialism, US imperialism in the first place, are largely contained. The existence of some disproportions arising from the dissimilarity of the armed forces of the opposed military-political alignments can do nothing to cast doubt on the rough parity that has taken shape. While the armed forces may have different structures, when regarded as a complex they tend to equalise

¹ Israel is a major buyer of US weapons.

² Christopher Paine, "Reaganomics, or How to 'Prevail'", *The Nation*, April 9, 1983, p. 424.

each other and make the superiority of either side impossible.

There has been broad international recognition of the existence of this rough parity in the military-strategic field.

The strategic arms parity was officially confirmed by the signing of SALT-2, whose every proposition and every figure had been most thoroughly verified and agreed by the highest political and military authorities of the Soviet Union and the United States in the course of seven-year negotiations, so that the parity of the strategic arsenal of the two countries was juridically established.

There are also realistic assessments of this matter in UN documents. In 1983, the UN General Assembly confirmed that the USSR and the United States have the same nuclear strength, so that there is, evidently, an overall rough parity between them.

There is also the fact that the US House of Representatives resolution of May 1983 calling for an immediate, reciprocal and verifiable freeze on nuclear weapons, recognised the existence of a rough parity between the nuclear potentials of the United States and the USSR. The parity of the military forces of the Soviet Union and the United States, of the two military-political alliances confronting each other, has been repeatedly assessed by Western leaders as an objective reality of the present day.

The existence of the military-forces balance has also been authoritatively confirmed by data published by the USSR Ministry of Defence,¹ whose experts analysed all the components of the balance of forces and reached the conclusion that there is, on the whole, a military-strategic equilibrium between the USSR and the United States, and between the Warsaw Treaty Organisation and NATO—a rough parity with respect to strategic nuclear weapons, medium-range nuclear weapons, and conventional armaments.

Recognising the parity means soberly assessing the military-strategic situation in the modern world and displaying a comprehension of the special role of the military-forces balance, whose preservation provides the basis for international stability and security. The origination of the rough parity between the opposed armed forces meant that mankind had entered upon a new historical phase requiring a high sense of responsibility and statesmanship, since there are now enough weapons to wipe out human civilisation and even life on the Earth. Never before has mankind been faced with this alternative: to be or not to be? The new international situation needs to be assessed with the utmost circumspection, and foreign-policy strategy adapted to the realities of the closing decades of the 20th century.

That is not a passing episode but a stable and long-term outcome of historical development, and as such it contains within itself important pluses and crucial advantages for an orientation towards the peaceful coexistence of countries with different social systems, and the creation of a climate of mutual trust and cooperation in international relations. The new edition of the CPSU Programme says that the Soviet Union and its allies have been working consist-

¹ See *Whence the Threat to Peace*.

ently for a steady lowering of the level of this parity, with the weapons stockpiles on both sides reduced, and security for all the peoples ensured.

Is it possible to reduce the level of military confrontation? Is it realistic to aim at demilitarisation of world politics and economy? The answer to these questions is not a simple one. It will be finalized in the outcome of the struggle between progressive and reactionary forces.

On the one hand, there is more evidence that militaristic forces of modern capitalism are stirring up. Intensified militarisation was in many respects characteristic of the USA and its NATO allies in the first half of the 1980s. In 1981-1986 the US military expenditures increased by 45 per cent. Subsequently, this high rate of expenditures stabilized which means further financing of the major military programmes started or speeded up in the current decade.

On the other hand, it is important to emphasize that the modern world is not fatally doomed to face nuclear catastrophe. This has been convincingly proved by the developments of the past two or three years. They demonstrate the necessity to analyze more thoroughly the potential and limits of militaristic forces.

War danger is still inherent in the nature of imperialism. However, there is a notable change in the conditions of the existence of imperialism and in its potentialities at the end of the 20th century as compared to those of the beginning or mid-century. Imperialism is opposed by the increasingly powerful movement against nuclear threat and for the survival of humankind. The objective needs of the interdependent integrated world necessitate new political approaches and actions renouncing war as a political instrument and rejecting the arms race. Imperialism is forced to adjust to the new situation where, starting from the mid-1980s, the Soviet Union has assumed a sharply higher profile in international politics, coming out with large-scale initiatives, the most important of them being the Soviet programme of complete elimination of all nuclear arms by the year 2000. Imperialism is opposed not only from the outside, but also within the developed capitalist countries, where more and more diverse political and social forces are coming out against the policy of militarism and adventurist aggression.

This bifold opposition restricts the scale and speed of the war preparations in the capitalist world. Ever broader masses of people come to realize the negative political, social and economic ramifications of militarisation. They call for limiting the sphere of militarisation, for narrowing the use of human, material and financial resources for militaristic purposes, and they act energetically to achieve these ends. Therefore, currently there exists a prospect of extensive demilitarisation of politics, economy and public mentality in capitalist countries.

Such demilitarisation carried out under the pressure of peace forces and stemming from international agreements on disarmament cannot be viewed as a challenge to capitalism, to its system of property and political institutions. This proposition is supported by weighty arguments. Rabid militarism is not inherent in capital-

ism as a natural and everlasting necessity. History of capitalism in general and the development of certain capitalist countries prove that there are great differences in the level of militarisation of national politics and economy even within the same social structure. Hyper-militarism is not linked with capitalist economy by deep-rooted laws of its development. The link is rather of a political nature. Economic and social development requires disarmament, not an arms build-up.

Developments since 1985 are evidence of the feasibility of disarmament measures. The Soviet-American INF Treaty was signed during the visit of Mikhail Gorbachev to the USA in December 1987. In June 1988 the sides exchanged instruments of ratification. The Treaty has come into force thus starting a real process of disarmament. It demonstrates the possibility of reaching an agreement on the elimination of entire classes of modern nuclear missile systems without disrupting the balance of forces between the USSR and the USA, the WTO and NATO. This agreement has cleared the way for constructive talks on radical reduction of Soviet and US strategic offensive armaments.

4. The Economic Burden

Imperialism's militaristic preparations nowadays require the diversion for military purposes of a sizable part of the economic potential of many capitalist countries. A major and constantly functioning military-economy sector designed to maintain and build up military strength and prepare for fighting aggressive wars has taken shape within the SMC structure, sharply increasing the scale of military production, substantially modifying its sectoral structure and radically restructuring production facilities on the basis of high technology.

The economy has been militarised to the greatest extent in the United States, whose share of the capitalist world's weapons output is much larger than the US share of its industrial output: the United States turns out three-quarters of the aircraft and missile hardware, roughly one-half of the artillery and infantry weapons, and over two-thirds of the NATO countries' warships; US arms manufacturers employ a workforce of 2.6 million, that is, more than all the other NATO countries taken together; the United States has built up a war economy turning out weapons and military hardware on a vast scale not only for the US armed forces, but also for the armies of its allies in aggressive military-political blocs, and also for reactionary regimes all over the world.

Other capitalist countries, especially NATO's West European members and Japan, have also been turning out weapons on a large scale. Some LDCs, among them Argentina, Brazil and Egypt, have likewise begun to expand their arms production.

Approved and planned military expenditures have in some cases grown faster than the economy, so that military expenditures as a share of the US GNP are officially expected to increase from

5.2 per cent in 1980 to 7.3 per cent in 1988. The fact that military spending as a share of the Federal Budget is to go up from 22.7 per cent in fiscal 1980 to 32.7 per cent in fiscal 1988 is another indication of the growing militarisation of the US economy.

Every sphere of social reproduction has been involved in the war-economy preparations that have been steadily spreading under the influence of militarism, but the manufacturing industry leads in military output. US economists have estimated that in the early 1980s one of every 10 manufacturing jobs was generated by arms contracts.¹ Within the manufacturing industry itself there is an arms industry core consisting of the most militarised and science-intensive industries, such as aircraft, missiles, nuclear energy, radio electronics, ship-building, armoured vehicles, artillery and infantry weapons, and ammunition, which turn out the bulk of the military products.

The role of economic factors in building up the war potential has further increased with the emergence of nuclear missiles and other modern types of weapons. It now takes more material and financial resources than in the past to keep turning out steadily improved and ever more expensive means of warfare. The fabrication of sophisticated weapons systems requires specialised high-technology equipment and highly skilled personnel, and also special types of raw and other materials. As weapons become ever more sophisticated, there is growing specialisation and cooperation in the arms industry, with ever more complicated functional ties and ever greater dependence on general industrial, scientific and technical facilities. The arms race tends to distort conventional economic development, and militarism has been eroding the economy of many Western countries.

The arms race has proceeded through a qualitative improvement of weapons, which involves the wide use of STR achievements for military purposes. Special research and development are being carried on in the United States on a vast scale to modernise existing systems and types of weapon and to develop new ones. Up to 20-30 per cent of all scientists and engineers in the United States are directly employed in military-related R&D. The Pentagon's direct military R&D expenditures from 1951 to 1984 officially came to about \$257 billion, or almost 10 per cent of its expenditure in that period; from \$23.1 billion in 1984, and \$32.3 billion in 1986, they are expected to go up to \$38.3 billion in fiscal 1988.

The drive for military-technical superiority and the production of ever more sophisticated and costly weapons systems has produced serious economic costs: the prices of weapons are now tens and even hundreds of times higher than they were before the Second World War, and each new generation of weapons, as a rule, turns out to be much more expensive than the previous one. It also takes more time to develop major weapons systems. The gigantic scale of military-technology programmes, their runaway

¹ See *Monthly Review*, Vol. 33, No. 6, November 1981, p. 18.

costs and long terms, together with the momentum of the arms race, tend to militarise the capitalist economy in depth and breadth. The massive involvement of scientists and engineers in the military sphere is a drag on STR progress in the civilian industries, resulting in a lower growth of labour productivity and eventually in a slowdown of economic growth.

Military production is characterised by a high degree of monopolisation: 65-70 per cent of the value of prime arms contracts in the United States has recently gone to the Pentagon's 100 major contractors every year; almost 50 per cent to the 25 largest, and as much as 35 per cent to the top 10. The picture is similar in the other imperialist countries: in each of them—France, Britain, the FRG and Italy—some 15-30 leading firms account for the bulk of the total military output. The major MIC firms have large-scale and well-ramified scientific, technical and production facilities for turning out the most diverse military-purpose products, and buy up and make extensive use of STR achievements. MIC firms regard arms manufacture as a highly profitable sphere for investment and source of enrichment.

The advocates of militarism keep saying that the arms race has a beneficial effect on the economy, and the view that military expenditures are an allegedly effective means for stimulating economic development and averting crisis has been wide-spread in the West, especially in the early postwar years. Many bourgeois economists taking the Keynesian approach have advertised military spending as a most important form of state economic regulation. In actual fact, military production is an ever heavier burden on the economy and depletes the internal resources of states taking the way of militarism. The arms race has become one of the paramount causes of the growing economic difficulties and the sharpening long-term disproportions in the economy of the capitalist states, as many bourgeois economists now have to admit.

The negative impact of military preparations on the economy has become so obvious that more and more bourgeois economists tend to take an anti-militaristic stand. Members of the US Council on Economic Priorities made a comparative study of the basic economic indicators of 13 major industrialised countries in the 1960s and 1970s, and reached the conclusion that economic development was, as a rule, faster, investments larger and economic efficiency higher in countries spending a smaller average share of the GNP for military purposes; the deepest economic recessions in the early 1980s were in evidence in the United States and Britain, where the economy was militarised to an especially high level; meanwhile, the state of the economy was better in Japan, Austria and Canada, where military spending as a share of the GNP was smaller. They also showed that, on the strength of average data for 1960-1979, the United States led these 13 countries in the level to which the economy was militarised, while ranking eleventh in real GDP growth (3.6 per cent), thirteenth in investments as a share of the GDP (17.6 per cent), eleventh in manufacturing labour productivity (2.6 per cent), and first—in the level of unemploy-

ment.¹ The high level to which the US economy is militarised is a major factor behind the decline in the competitiveness of US goods on the world and domestic markets, and the shrinking US share of the capitalist world's total output and export.

The negative effects of the arms race being conducted by the imperialist powers variously hit the economic interests of all the countries of the world via the mechanism of international economic ties. The United States and its partners have been trying to use international commercial, economic, credit, financial, scientific, technical, military-economic and other ties to shift a part of the burden of their military spending on other states, and to use their resources, especially those of the LDCs, to finance their growing military preparations. The militarisation of world economic ties now proceeding under the impact of the aggressive policy of imperialism is doing much harm to the economic interests of many states, preventing the full use of the advantages of the international division of labour, and multiplying the global economic damage from the arms race.

The negative economic consequences of the arms race are becoming ever more diverse and complicated, and their cumulative effect has been steadily growing. The continued arms race is increasingly antagonistic to the law-governed uniformities and requirements of normal economic development of the individual countries and of the world as a whole. Economic and social progress requires that the arms race should be checked, and that the vast manpower, material and financial resources now being used for military purposes should be switched to peaceful and constructive purposes, in order to do away with hunger, poverty, illiteracy and backwardness among millions of men and women, including those of the United States.

5. A Scourge for the Working People

More than 15,000 major wars and conflicts seem to have been fought throughout human history, and as weapons were improved, more and more human lives were lost. If the United States were to start a world thermonuclear war, it would lead to mankind's annihilation. However, even in peace-time the wide-ranging militarism inflicts suffering and death on millions of men and women from starvation, disease and poverty.

Militarism absorbs the resources required for solving the most acute social problems. There is a great need for investments for social purpose in the capitalist countries. The unprecedented diversion of resources for militaristic purposes in peace-time is increasingly at variance with the need to finance social programmes. The rapid growth of military expenditures in the United States has been paralleled by cutbacks in appropriations for economic

¹ See Robert De Grasse, Paul Murphy, William Ragen, *Council on Economic Priorities*, New York, 1982, pp. 50-53.

and social needs, and not only in relative but also in absolute terms as compared with fiscal 1980, appropriations under the 1985 budget were cut back in real terms as follows: education—30 per cent; environmental protection—27 per cent; transit—8 per cent; and regional development programmes—48 per cent. All the budget messages under the Reagan Administration for fiscal 1984 and 1985 have shown a clear trend towards further reductions in outlays on social programmes.¹ Spending on social programmes is also being whittled down in the other capitalist countries. In Britain, for instance, military expenditures in constant prices in fiscal 1984 were 13.2 per cent up on 1980, while government outlays on education and science were down by 10.2 per cent, on housing—by 48 per cent, and on roads and transport—by 12.5 per cent.² The reduction in expenditures on social programmes inflicts ever greater hardships on the low-income groups of the population.

The existing system of priorities in budgets appropriations in the capitalist countries is having a damaging effect on the efforts to solve the most acute problems in public health, education, pension security, housing, urban renewal and the infrastructure. According to US estimates, it would take almost \$3 trillion to repair various elements of the infrastructure in the United States.

A comparison of just a few military and social programmes shows the great effect disarmament could yield. Every \$100 billion being used for military purposes could go into the building of 300 thermal power plants, 300 oil refineries, 1,000 chemical-fertiliser plants, 200 synthetic-rubber plants, and 1,600 sugar refineries, a list that could go on and on. Great Britain's expenditures on one nuclear submarine equal the cost of building 4,500 schools.

Militarism helps to enrich some groups of the monopoly bourgeoisie, while increasing the tax burden. The rapidly growing militaristic preparations in the capitalist countries are so funded that the bulk of the burden falls on the shoulders of the working people by means of taxes and in other ways. In the recent period, US citizens have had to pay an average of 37 cents of every dollar of income in the form of Federal and local taxes. The capitalist countries' taxation policies are formulated on explicitly class lines, and this goes to step up the exploitation of the working people, who have to shoulder the main tax burden. Meanwhile, these policies leave the capitalists numerous loopholes for concealment of earnings and tax avoidance.

The arms race and the militarisation of the economy are among the chief causes of inflation, which is stimulated by various factors, especially the monopoly price formation practices. There is also the fact that for various reasons, including the specifics in the system of arms contracts and price formation, the prices of military products tend to grow much faster than those of conventional

¹ *Budget of the United States Government, Fiscal Year 1985*, Government Printing Office, Washington, 1984, pp. M1—M19; 9-1—9-62.

² Tim Webb, *The Arms Drain. Job Risk and Industrial Decline, The Campaign for Nuclear Disarmament*, London, 1982, p. 9.

consumer goods. Another factor is deficit financing of military expenditures and the consequent growth of the national debt, with additional increases in money supply. John Kenneth Galbraith writes: "Military spending has become the principal and the most highly visible cause of the present and prospective budget deficit. And, a more compelling matter, this spending has been presented by the Administration as a basic reason for curtailed or reduced spending on behalf of the poor. The second had to make way for the first."¹

The advocates of militarism allege that the arms race helps to reduce unemployment, while a reduction in military expenditures does the opposite. Former Pentagon chief Caspar Weinberger, for instance, asserted in Congress in March 1983, for instance, that a \$10-billion reduction in military outlays in fiscal 1983, as some Congressmen had proposed, would result in the loss of 350,000 jobs in the country.

Unemployment has reached a high level in the capitalist countries. Its vast proportions spring from the deep-seated antagonisms of the capitalist mode of production, the changes in the demand for labour force under the impact of STR progress, the development of structural crises, and so on. But as special studies in the United States and other capitalist countries show, the arms race has increased the growth of mass unemployment directly or indirectly, because the investment of one and the same amount of capital into the arms industry tends to create fewer jobs than it does in the civilian industries. According to figures gathered from government agencies by Representative Les Aspin, the Pentagon creates roughly 48,000 jobs for every \$1 billion it spends, while an equivalent amount spent in public health care would create 77,000 jobs, and in the educational system, 100,000 jobs.

As global problems like food, raw materials, energy, and the ecology become ever more acute and require ever larger amounts of money and greater coordination of efforts on an international scale, there is ever wider understanding throughout the world that even in the absence of an actual armed conflict, the arms race keeps absorbing such vast resources that it has become one of the main obstacles in the way of solving mankind's economic and social problems. Because of a shortage of funds, 40 per cent of the population of the globe is deprived of medical care, 500 million suffer from malnutrition, and 800 million are illiterate. Every minute 30 children die for want of food and inexpensive vaccines, and every minute the world's military budget absorbs \$1.3 million of the public treasure.²

The arms race in the capitalist countries also has other negative social consequences, for it tends to militarise the whole of social life, to intensify the cult of armed force, and to spread reprisals against the working class and democratic organisations. The capitalist states use armed force as the most important and traditional

¹ *The New York Times*, February, 5, 1984, p. E19.

² *Defense Daily*, Vol. 130, No. 26, October 13, 1983, p. 207.

instrument of economic and political subjugation of the working people to the interests of the ruling classes.

The militarist circles use the mass media and their mammoth ideological and propaganda machine to brainwash the population in the Western countries and to cultivate anti-communist, chauvinistic and racist attitudes. The efforts to implant the cult of armed force and to whip up the anti-Soviet hysteria leave a deep stamp on the whole of social life in the imperialist countries.

6

BOGGED DOWN IN CRISIS

1. Contradictions of Capitalist Socialisation

In his definition of the economic peculiarities of imperialism, Lenin emphasised that at that stage of capitalism, some of its basic properties tend to turn into their opposites, and that the features of a transition epoch on to a higher system have taken shape and are there for all to see. Almost 70 years ago, Lenin wrote: "Capitalism in its imperialist stage leads directly to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new social order, a transitional one from complete free competition to complete socialisation."¹

The STR-accelerated development of the productive forces has carried capitalist production to a higher and qualitatively new level of socialisation, and this, for its part, has inevitably led to a deepening of the basic contradiction of capitalism: that between social production and private capitalist appropriation. The main forms in which this basic contradiction is manifested are the contradictions between labour and capital, between capital's boundless urge to expand production in the drive for profit, and the relatively narrow limits of the working people's effective demand, the disproportions in the development of the individual sectors and spheres of the economy, and the anarchy of the capitalist economy.

The socialisation of capitalist production is a multi-faceted process, which is seen in such phenomena as the conversion of science into a direct productive force, and the organic combination of science, technology and production into a single complex, the growing specialisation and cooperation of production, the development of vertical integration and complementarity of industries and spheres of social production, and the formation of functional economic complexes (agro-industrial, fuel and energy, etc.); the closer interconnection and interdependence of material production

¹ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 205.

and the non-production sphere and the new role now played in economic development by education, public health, the tourist and recreation industry; and finally, the internationalisation of capitalist production on a global scale, and the growing integration of national economies. The growing socialisation of capitalist production intensifies the objective need for planned economic management, and ultimately dictates the need for the establishment of social property in the means of production.

The accelerated internationalisation of social production has become one of the law-governed processes in the post-war development of the world economy. It has undoubtedly been spurred by the advance of the STR, which gives the international division of labour greater depth, makes the national economies more complementary, extends international specialisation and cooperation in production, and helps to develop scientific, technical and economic exchanges and contacts between states. That world economic ties have become more important will be seen from the faster growth of international trade and export of capital, which in the postwar period (1946-1985) developed on average 40 and 60 per cent, respectively, faster than industrial output.

The socialisation of production has proceeded above all in the form of further monopolisation of the economy and its subordination to the interests of finance capital. The economy of the developed capitalist countries has come to be dominated by multi-sectoral complex monopoly associations of the concern type, and the world capitalist economy, by giant US, Japanese, British, West German and other transnational monopolies. Capitalism is also trying to adapt to the new level in the socialisation of production through the all-round expansion of the economic functions of the capitalist state, whose influence on the capitalist economy, as Lenin predicted, is based on a growing interpenetration and coalescence into a single mechanism of the power of the monopolies and finance capital, and of the capitalist state.

The capitalist state has assumed many functions in scientific and technical progress, notably the development and engineering of major innovations, which it is beyond the resources of any one private corporation to handle. There has been a sharp expansion of the sphere of general economic, including so-called anti-cyclical, regulation. At the same time, since creation of economic conditions for the extraction of maximum profits by the monopolies continues to be the main function of the capitalist state, its intervention in the economy does nothing to dull the edge of the basic contradiction of capitalism, and, indeed, sharpens it. The basic contradiction has an ever greater impact on the world economic sphere. Over the past several decades, there has been a spurt in the uneven economic development of the main centres of capitalism and in the disproportions of the individual regions of the capitalist world economy. Inter-imperialist contradictions have been markedly exacerbated, as will be seen both from the growth of protectionism and from the numerous trade and currency wars in relations between the developed capitalist countries.

The contradictions between the narrow potentialities of international state-monopoly regulation and the objective development requirements of modern production, between the interests of the SMCs of the three centres and the development requirements of the capitalist world economy as a whole, have been gaining in depth, as will be seen from the crisis processes in the state-monopoly regulation of the economy.

Periodical cyclical crises are the most glaring manifestation of the basic contradiction of capitalism. Even a concise examination of some of the problems of the postwar cyclical movement of the capitalist economy will help to understand just how world capitalist cycles have developed in the 1970s and 1980s.

2. Postwar Cycles: the General and the Particular

The long formation and development of the capitalist economy show that every single world or national economic crisis, and every period covering a succession of cycles have been unique in their own way. Every such crisis and period necessarily absorb the peculiarities of the current economic and, to some extent, socio-political situations in the various capitalist countries or groups of countries. As a result, the description of each individual world economic crisis necessarily requires to solve a two-fold task.

There is the need, on the one hand, to bring out the common element, that which links the present stage with the earlier ones, for that is the only way to determine with any precision its place and significance in the sequence of events leading to a steady aggravation of the "cyclical disorder" of the capitalist mode of production. On the other hand, this common element cannot itself exist outside of actual life. Hence, the pressing need for a comparative analysis of the concrete historical conditions in which the contradictions of capitalist reproduction are manifested at each new phase of the world cycle.

Marx noted that bourgeois researchers usually regard each new crisis as an isolated phenomenon appearing on the social horizon for the first time, which is why it can allegedly be explained by the events, movements and factors that are exclusively proper to the given period, or such that are held to be exclusively proper to it. If physicists used such naive methods, Marx remarked ironically, "the world would be taken by surprise on the reappearance even of a comet."¹

To this very day, the main theoretical postulate of bourgeois economic theory is that every new economic crisis has to be regarded solely as the outcome of disruptions in the functions of the capitalist economy in the sphere of its market relations, disruptions which are current and short-term, even if now and again very grave,

¹ Karl Marx, "British Commerce and Finance", in Karl Marx, Frederick Engels, *Collected Works*, Vol. 16, 1980, p. 34.

but ultimately lending themselves to correction. Thus, the causes of the 1974-1975 economic crisis were described by J. K. Galbraith as follows: "The recession was a matter of policy. I would attribute most of it to the use of tight money—to the use of high interest rates to curb bank lending and thus to reduce inflation. There was, additionally, some overflow effect from the high oil prices."¹ Similar assessments, ignoring the organic connection between the latest and all the other postwar economic crises, have been made by most other Western economists, when the capitalist economy plunged into another cyclical upheaval in the early 1980s.

Bourgeois political economy has repeatedly proclaimed the onset of an era of crisis-free development of the capitalist economy. In periods of cyclical expansion, there has usually been a wide-ranging propaganda campaign to back up theories trying to prove that the crisis-free development of capitalism is possible. When another crisis erupts, bourgeois ideologists fall back on the idea that the current recession is due to accidental and organically unconnected short-term "troubles", mainly unforeseen market factors.

When considering the peculiarities of some postwar cycles, one could compare them with the cycle opened by the 1929-1933 Great Depression, whose unprecedented duration emphasised what at the first glance seemed to be a paradoxical aspect of the problem.

When characterising the amplitude of cyclical fluctuations in the most general terms, it would be logical to assume that the greater the destruction and stagnation of the productive forces in the phases of recession and depression, the longer and more stable should be the phases of recovery and expansion. Subsequent development, however, dashed every hope for an intensive and protracted cyclical expansion. The way out of the 1929-1933 crisis turned out to be extremely difficult and painful, even with the rapidly growing tendencies of state-monopoly regulation. Besides, within less than five years of the end of the crisis, there were signs of capitalism's entering upon another world crisis, with looming prospects for an even greater upheaval of the economic pillars of world capitalism than in the course of the preceding crisis.

In the early postwar decades, the cyclical movement of the capitalist economy in the various countries was fairly mixed, and Soviet economists are still discussing the peculiarities of cyclical development in the individual capitalist countries and groups of countries in the 1950s and 1960s.

In the early postwar period, the overall picture of the movement of the world economic cycle was, indeed, a fairly complicated one, and that was explained above all by the contradictory results and consequences of the Second World War, which had retarded the economy of most countries for a number of years and had disrupted the "natural" course of the cycle. Nevertheless, the coherent

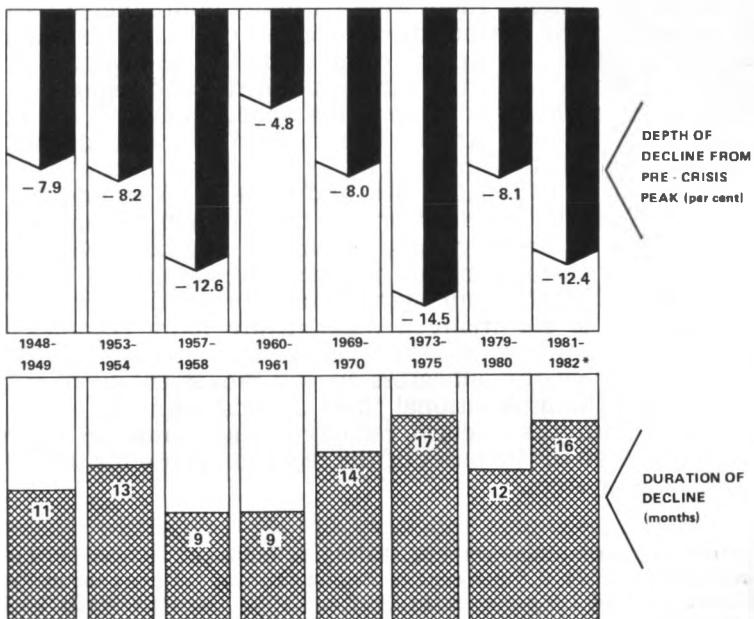
¹ *US News & World Report*, November 3, 1975, p. 41.

world cycle turned out to be neither "ruptured" nor entirely dispensable. The United States, which then turned out almost 60 per cent of the industrial output and over 50 per cent of the gross product of all the capitalist countries taken together, naturally found itself, by the logic of developments, at the centre of the further cyclical development of the capitalist economy. In 1948 and 1949, there was a recession in the United States alone, since the conditions for a crisis had yet to mature in the other countries.

There was evidence of a peculiar "US-centrism" in the shaping of the general and specific features in the formation and cyclical development of the capitalist world economy, with the United States maintaining its leading role over a long period. That is why there is understandably special attention to evaluating the crises of overproduction in the United States and to the peculiarities of their development.

The capitalist world economy entered upon the 1950s on a crest of expansion, but the contradictions of cyclical development continued to operate with inexorable force. The United States, and the capitalist world economic system with it, was soon confronted with great crisis upheavals. The crisis of the early

US INDUSTRIAL OUTPUT DECLINE IN CRISIS



* The decline is shown before and after the intermediate (false) recovery in August 1980 - July 1981, which interrupted the 1979 - 1982 crisis.

1950s became an organic component in the shaping of a coherent postwar cycle.¹

The cyclical expansion of the mid-1950s was short-lived but relatively intense, and this inevitably prepared the prerequisites for the next crisis, whose signs first appeared in the economy of the North American region in the latter half of 1957. It reached its trough in 1958, when industrial output in the non-socialist world shrank by nearly 3.0 per cent, and international trade by about 2.0 per cent in annual terms for the first time in the postwar period. The 1957-1958 crisis took hold of the developed capitalist countries more or less simultaneously, although with varied force. The United States continued to be its centre. Virtually all the countries of Western Europe, Canada, Australia, New Zealand, the Republic of South Africa, and also the relatively dynamic Japan were drawn into the recession. Another characteristic feature of the crisis was that the countries exporting raw materials in the capitalist world economy were faced with serious difficulties at the end of the preceding recovery phase, when many leading sectors of their economy, especially the primary products sectors, working mainly for export to the industrialised capitalist countries, found themselves in dire straits.

The operation of the earlier trend towards faster economic growth was more clearly manifested in many industrialised capitalist countries and in most LDCs in the 1960s, and this intensified the uneven development of the individual countries and regions of the capitalist world system. There were naturally contradictory assessments because of the obvious discrepancy of cyclical phenomena in the various capitalist countries: some studies of the early postwar decades held the crises in the various countries and regions of the capitalist world economy to be local disconnected events, and economic writers are to some extent still at odds in their assessments.

However, the world capitalist cycle has never been a mechanical aggregation of national cycles, and there is no ground for the view that cyclical development within the nationally-frameworked economies takes place only on the basis of internal development factors, without there being an organic connection with the corresponding division-of-labour system and the world market. The world economy is essentially a qualitatively more complex and higher phenomenon than any national economy, so that a marked decline of main yearly indicators in the movement of aggregate production and the international trade of most capitalist countries as compared with the cyclical recovery phase must be regarded as a necessary sign of the onset of the recession phase for the whole capitalist world system.

¹ It involved a simultaneous annual drop in industrial output by 2.0 per cent in Canada (1954), 3.5 per cent in Britain (1952), 7.5 per cent in France (1952), and 4.5 and 1.5 per cent (in 1952 and 1953, respectively) in Belgium. In the economy of most of the other industrialised capitalist and less developed countries, there was at the time evidence only of a relative contraction of aggregate economic growth indicators.

The intricate movement and interpenetration of production within the national framework and the whole capitalist world economy is an expression of the interconnection between the national and the world cycles and their oneness. With uneven development ever more hectic, world economic crises may be manifested at different times (months, quarters, and even successive years). The same applies to the industrial recovery phase, for the discrepancy of the cyclical movement of production in the individual sectors of the capitalist world economy necessarily remains substantial in such a wide-ranging and multi-faceted process.

Thus, the crisis phenomena of the 1960s on the scale of the capitalist economy as a whole are not readily discernible because of their uneven development and the interpenetration of general economic crises of overproduction in some countries, and the intermediate and partial crises in others.

The next cyclical expansion was fairly intense, as will be seen from its "central part" from 1962 to 1966, a period in which the volume of aggregate industrial output in the developed centres of capitalism went up by roughly 40 per cent, and the gross domestic product, by almost 33 per cent. At that time (in contrast to the 1970s and 1980s), structural contradictions were relatively less of an impediment to the wide introduction of STR achievements. The intensive expansion of the service sphere, which has an especially big part to play in the economy of the industrialised capitalist countries, has also had a substantial effect on the forms of cyclical development. Enterprises in the service sphere have made a rapidly growing demand on products in material production (thus, according to interindustry balance data, by the beginning of the 1970s US companies specialising in the provision of services were purchasing roughly \$100 billion worth of goods from material production). With a lower organic composition of capital, the provision of non-material goods made a relatively high demand on labour fuel, while the smaller share of investments in plant and equipment to some extent limited the scale of the crisis overaccumulation of fixed capital in this rapidly growing sphere of production of the aggregate social product. The much faster internationalisation of production also had a stimulating effect. Throughout the first half of the 1960s, the quantum of world trade increased by roughly 50 per cent, and output in many LDCs was also markedly higher: their industrial output went up by nearly 50 per cent, and their gross domestic product, by almost 33 per cent. All these factors necessarily had an important effect on the movement of the capitalist world cycle.

Accordingly, *conceptions of a "crisis-free"* capitalism were especially widespread in the capitalist countries in that period with the assertion that the earlier prerequisites for cyclical movement were on the way out. In this context, bourgeois ideologists pinned their highest hopes on state-monopoly methods of anti-cyclical regulation.

The then President John F. Kennedy assured US legislators that the more efficient government regulation was ridding the

US economy of cyclical crises of overproduction, and that henceforth the business cycle would not "have the inevitability of the calendar".¹ The next president, Lyndon B. Johnson, declared just before the next crisis broke out: "In the 1960s, we have adopted a new strategy aimed at fire prevention—sustaining prosperity and heading off recession or serious inflation before they could take hold."² These notions had to be drastically revised in view of the new crisis upheavals which soon came to light.

Summing up what has been said, let us note that the cyclical fluctuations in the capitalist countries' economy did not coincide in time throughout the early postwar decades, and this did much to reduce the amplitude of the final indicators of world economic crises, but it did not—and could not—"erode" the world capitalist cycle. It was counter-acted by a trend towards the synchronisation of national and regional cyclical fluctuations, a trend which became most pronounced in the world crises of the mid-1970s and early 1980s.

The recession phase took shape more synchronously than it did in the 1950s and 1960s. The crisis first assumed the clearest outlines in the United States: the volume of industrial output shrank (in monthly terms) by 8.0 per cent; in 1970 the per capita GDP was down by 1.4 per cent from 1969. The crisis then rapidly spread to most of the other developed capitalist countries³.

The 1969-1970 crisis ushered in a new cycle. The following cyclical expansion proved to be fairly intense but very short-lived. In the middle of the decade, it was interrupted by the deepest crisis of overproduction in the postwar history of capitalism.

The whole development of the economic cycle over the three postwar decades revealed a tendency for the growth of force "unhinging" the capitalist economy. The interpenetration and mutual amplification of the economic and social contradictions of capitalism became most pronounced recently.

3. New Features of Cyclical Development: 1970s and 1980s

The quickened pace of cyclical crises and their greater negative consequences are among the mounting destructive phenomena of the present stage in the general crisis of capitalism. The world crises of 1974-1975 and 1980-1982 are among the gravest and most protracted crises of overproduction in the postwar period.

These crises largely promoted the shaping of many typical features of the present stage in the development of the capitalist world economy, including the recent crystallisation of a slowdown

¹ *Economic Report of the President. Transmitted to the Congress January 1962*, US Government Printing Office, Washington, 1962, p. 17.

² *Economic Report of the President. Transmitted to the Congress January 1969*, US Government Printing Office, Washington, 1969, p. 4.

³ In Japan, the crisis phenomena covered successive quarters of two calendar years, and the annual average indicators for the Japanese economy in 1970 and 1971 remained slightly higher than those of the preceding years.

trend in the long-term rate of overall economic growth, a trend which first made itself felt in the industrialised centres of capitalism, but which also had an extremely grave effect on the economy of most LDCs.

The whole course of the 1974-1975 crisis was a reflection of the protracted growth of deep-seated contradictions in the capitalist world economy, and in that crisis (as in the whole of the subsequent course of cyclical development of the capitalist economy) the cyclical contradictions were interwoven with the sharp structural contradictions in the energy, agrarian and raw materials sectors of the capitalist world economy.

The following estimates based on UN statistics (see Table 1) testify to the scale and long-term consequences of the trend towards a slowdown in economic growth rates. From 1974 to 1985, aggregate industrial growth rates were on average down to less than a third from the 1961-1973 period, while the overall indicators of gross output growth were more than halved. This trend to a various degree was true for virtually every capitalist country. The decline in growth rates was most evident in a majority of the West European countries.

Meanwhile, the external economic situation has recently become extremely unfavourable for most of the LDCs, onto whom the imperialist TNCs shifted the burden of the mounting crisis processes by every means. In that period, the rate of industrial growth in the LDCs went down by roughly 22 per cent. The neo-colonialist tribute which they had to pay to foreign monopoly capital increased excessively.

Table 1

*Annual Industrial and GDP Growth Rates
in the Capitalist World Economy*

(per cent)

Regions and Countries	Industrial Production		GDP	
	1961-1973	1974-1985	1961-1973	1974-1985
All capitalist countries	6.0	1.8	4.9	2.4
United States	5.0	2.0	3.8	2.2
Western Europe	5.3	1.4	4.8	1.8
Japan	12.2	3.1	9.4	4.1
Less developed countries	8.5	1.8	6.0	3.3

Calculated from: *UN. World Economic Survey, Statistical Yearbook; Monthly Bulletin of Statistics; OECD. Main Economic Indicators; UNCTAD. Trade and Development Report* for the corresponding years.

One should not assume, of course, that the trend towards a slowdown in economic development rates, which emerged in the last quarter of this century, is (or will be) operating ceaselessly and straightforwardly, so eventually resulting in some kind of clogging of the capitalist society's productive forces. The STR has generated some new dynamic industries.

The arms race, started by the aggressive circles of imperialism, and the militarisation of the economy of the leading capitalist states, together with the effects of the ever more intense competition between the TNCs on the capitalist world market, have had a strong effect on the movement of capitalist production.

All these (and many other) processes, closely interacting with each other, have had a substantial role in shaping the concrete peculiarities of the current cyclical movement of the capitalist economy. The 1974-1975 crisis spread almost simultaneously to most countries in the non-socialist world, and markedly retarded their economy. That was the deepest postwar crisis of industrial overproduction in the capitalist economic system: in 1975, industrial output in the developed centres of capitalism was down by more than 7.0 per cent from the pre-crisis year of 1973; for the first time in the postwar period, there was a contraction in the volume of the LDCs' aggregate industrial output, which dropped by nearly 2.0 per cent, and by 4.5 per cent from 1974. In that period, there was also the first absolute contraction of per head gross output on the scale of the capitalist world economy as a whole.

The crisis produced some new features of cycle development: cyclical decline in production went hand in hand with a faster price rise, and there was a manifest trend towards greater internal instability of the capitalist economy.

In the phases of cyclical recovery and expansion which followed upon the crisis, there was evidence of a further development of some sickly symptoms: "The economic malaise has manifested itself in two exceedingly distressing symptoms: rampant inflation and stagnating productivity."¹ The stagnating productivity was seen as an even more alarming factor than the inflation, one of the main reasons being a slowdown in investment, mainly in large-scale high-technology projects, as a result of the worsening conditions of capitalist reproduction. There was also the re-orientation of R & D outlays in industry on short-term projects, mainly to improve existing products and technology.²

The mounting instability and flabbiness of capitalist accumulation were most pronounced in the combination of crisis and stagnation phenomena together with the spread of inflation, which came to be known as "stagflation". But while recognising such a state of affairs in capitalism's economic life, bourgeois experts,

¹ *Fortune*, October 8, 1979, p. 84.

² In the United States, for instance, in the phase of cyclical recovery in the late 1970s, nearly 60 per cent of all R & D in industry was made for these purposes.

in effect, denied that stagflation sprang from the deep-seated conflicts and disproportions in the capitalist world economy.

The sweep of stagflation was determined primarily by the vast scale of over-accumulation of fixed capital as compared with the level attained in consumption by broad masses of working people. This is having an effect on the conditions of the production and realisation of surplus-value, of all its transmuted forms, profit in particular.¹ The over-accumulation of fixed capital and its depreciation, manifest in the decline of the rate of profit, had a depressive effect on the economy and accelerated inflation.

The effect of the trend towards a growth of capital-intensiveness and production costs, and a corresponding decline in the rate of profit was already most manifest in the course and in the results of the intensive accumulation of capital in a number of countries (United States, France, Italy, Canada and Britain) in the second half of the 1960s, while labour productivity growth remained fairly high. Calculations on the basis of official US statistics give a clear picture of how the rate of profit moved. In the non-financial corporate sector, the pre-tax rate of profit averaged 9.1 per cent a year from 1961 to 1970, 7.6 per cent from 1970 to 1974, and 7.3 per cent from 1974 to 1982. Let us note, in particular, that the decline in the rate of profit began long before the energy and raw materials crises broke out with full force.

Marx showed that one of the limitations of the capitalist mode of production is the decline in the rate of profit, produced by the growing productivity of labour, which at a given moment comes into antagonistic conflict with the growing productivity of labour, and so has to be overcome constantly through crises.²

The capitalist state initially tried to tone down the tendential fall in the rate of profit by introducing all kinds of tax privileges and norms for faster depreciation write-offs, but such a policy cannot halt the decline in capitalist profitability, which is caused by the in-depth changes in the reproduction of capital. The monopolies, for their part, seek to overcome the tendency by raising prices. Indeed, it is the monopoly pricing practices designed for achieving the "desired" profit level that became one of the main factors in intensifying inflation in the 1970s and the early 1980s (see Fig. on p. 147). This, for its part, has further sharpened the contradictions of capitalist reproduction.

Marked changes have taken place in the reproduction mechanism under the impact of inflation: the rising prices of the elements of fixed capital have slowed down the process of obsolescence,

¹ Since the publication of Volume Three of *Capital*, bourgeois economists have stubbornly ignored Marx's doctrine of the over-accumulation of capital, because it lays bare the deep antagonism organic to capitalist relations of production. It is all the more significant, therefore, that Professor Jay W. Forrester of the Massachusetts Institute of Technology and the author of the US "national model" of "system dynamics", attributed the prolonged economic recession to "overcapacity in the economy's capital sector at the end of a phase of technological development" (*The Futurist*, October 1979, p. 357).

² Karl Marx, *Capital*, Vol. III, Progress Publishers, Moscow, 1974, p. 258.

which in time of crisis acts as the main means of compulsion in the renewal of capital. This tended to devalue the depreciation fund, thereby reducing the internal sources of finance. The growth of production costs, in consequence of the higher costs of primary products, energy sources in particular, made for higher demands on the profitability of new investments, because the old profitability of investments in hardware and technology had proved to be inadequate. Investment risk was increased extremely by inflation. To this should be added that the environmental protection measures increase the capital-output ratio, which depress the rate of profit (all other things, naturally, being equal).

The constraints which the drive for profit clamps on scientific and technical innovation ultimately predetermined the sharp decline in investment and the latter, for its part, operated as the major factor in slowing down the rate of labour productivity growth. In other words, the slowdown in economic development was not caused by the alleged deceleration of scientific and technical progress, but by the capitalist relations, which prevent the introduction of large-scale technical innovations that appear to be unprofitable or insufficiently profitable from the standpoint of capital.¹

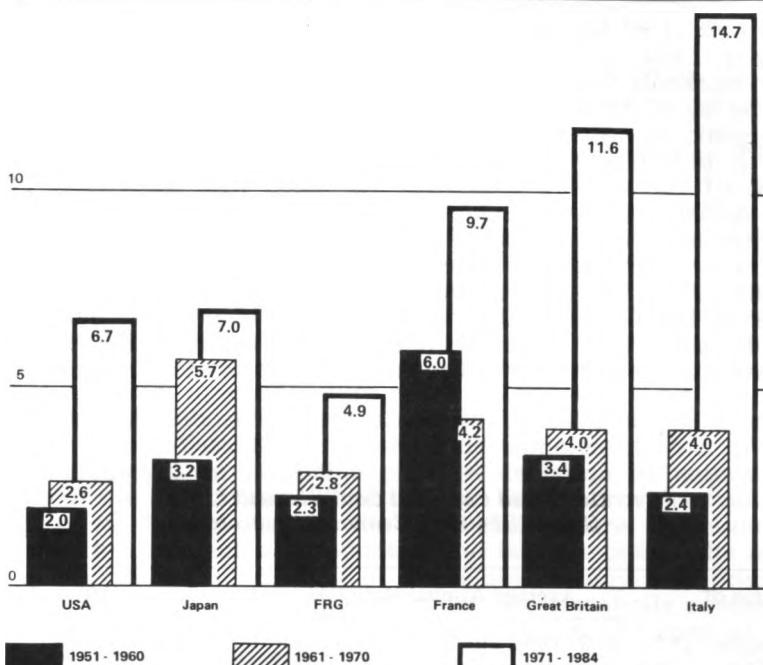
Unemployment remained high in all the capitalist countries during the cyclical expansion of the second half of the 1970s, and even increased in some. The inherently capitalist disbalance and disproportion in the various spheres of the economy increased. The sporadic crises gripping some of the key industries (metallurgy, ship-building, textiles, etc.) were not surmounted even in the upward phases of the cycle.

During the cyclical expansion of the latter half of the 1970s, there was an inexorable growth in the entrails of the capitalist economy of the prerequisites for another cyclical upheaval. Signs of another economic crisis were already in evidence in the US economy in 1979. It spread to other countries and regions of the capitalist world economy, significantly amplifying the tendency, which first appeared in the early 1970s, towards a growth of structural disproportions (primarily in the industrial, agrarian and raw materials sectors, between the extractive and the manufacturing sectors, between the leading traditional and the new high-technology manufacturing industries developing in leaps and bounds, between material production and the services, between the economy of the centres of imperialist rivalry and that of the LDCs). All of this went to intensify the subsequent crisis explosion of

¹ OECD experts analysed the situation and stressed that they "remain convinced ... of the enormous potential of science and technology to alleviate the human condition and improve the quality of life for most of the inhabitants of this planet". They added: "If there is little justification for assuming limits to science and technology, there are limitations imposed by political, economic, social or moral factors which may retard, inhibit or paralyse both scientific discovery and technical innovation." (*Technical Change and Economic Policy. Science and Technology in the New Economic and Social Context*. Organisation for Economic Cooperation and Development, Paris, 1980, p. 93.)

THE RISE IN THE COST OF LIVING
(annual average growth of prices for consumer goods and services, per cent)

15



contradictions within the framework of the capitalist world economy as a whole.

The 1980-1982 economic crisis turned out to be the longest over the past half-century, marking a further worsening of the conditions for expanded reproduction not only in the centres of the capitalist world economy, but also in its former colonial periphery, as will be seen from the data given in Table 2.¹

The industry of the developed capitalist countries remains the crucial sphere of production generating and determining the basic lines along which the new cycle moves. Its leading branches (car manufacture, ferrous metallurgy, etc.) were once again the first to move into the orbit of crisis upheavals in the early 1980s. In the first half of the current decade, capitalism's industrial average

¹ The aggregate indicators naturally conceal the great differential in the concrete manifestations of these processes in the different countries and regions, and in the basic sectors of social production and the sphere of circulation. But such aggregate indicators give ground for important conclusions, which, for their part, serve as the necessary basis for a subsequent more detailed and in-depth evaluation of some of the features of world capitalism today.

annual growth rate was roughly less than one-half that of the 1973-1979 period, and was considerably lower than that of any of the postwar five-year periods. The 1979 per-crisis peak in industrial output of the capitalist countries taken together was topped only in 1984, while the peak in the preceding cycle had already been markedly surpassed in 1976.

The lag of individual consumption behind output growth, which is organic to capitalism, tends to widen rapidly under the STR, and it is noteworthy that by the mid-1980s, even the development of the modern industries was faced with inadequate effective demand. (There were evident signs, for instance, of an over-production of computers and microcircuits in the United States.)

The cycle brought out the close connection between the effects of the 1980-1982 industrial crisis and the extremely slowed growth rates of the GDP, notably in agriculture: in the first half of the 1980s, they were lower than they were even in the extremely unfavourable conditions of the preceding world economic cycle.

Table 2

*Developed Capitalist Countries and LDCs.
Some 1974-1985 Economic Indicators**

Groups of countries	Average Annual Rate (%)					Indexes (1979=100)			
	1974-1979	1980-1985	1980	1981	1982	1983	1984	1985	
<i>Industrial Output</i>									
DCCs	2.3	1.3	99.0	99.5	95.5	98.5	104.5	108.0	
LDCs	4.4	-0.1	96.5	90.5	87.5	88.5	94.0	99.0	
<i>Agricultural Output</i>									
DCCs	2.3	1.2	99.0	103.0	104.5	106.5	106.0	107.0	
LDCs	3.1	2.6	102.0	107.0	109.0	111.5	114.0	117.5	
<i>Gross Domestic Product</i>									
DCCs	2.7	2.1	101.0	103.5	102.5	105.0	110.0	113.0	
LDCs	5.2	1.5	103.0	104.5	104.0	104.0	107.0	110.0	
<i>Exports</i>									
DCCs	4.9	3.6	104.0	106.0	105.0	107.0	117.5	124.0	
LDCs	1.5	1.9	91.5	86.0	80.5	83.5	90.0	89.0	
<i>Imports</i>									
DCCs	3.6	2.6	100.0	97.0	97.0	99.0	111.0	116.0	
LDCs	7.9	1.3	103.0	108.0	109.0	107.0	107.0	108.0	

* Rounded estimates

Calculated from: *UN World Economic Survey, Statistical Yearbook, Monthly Bulletin of Statistics; OECD. Main Economic Indicators* for the corresponding years.

The contradictions of capitalist reproduction in the 1970s and 1980s were manifested above all in the formation of long-term relative over-accumulation of fixed capital, which leads to its depreciation, and this has confronted monopoly capital with much narrower potentialities for further growth.

Let us recall that the relative over-accumulation of capital was always manifested primarily in the course of cyclical crises and was temporarily overcome by the crisis mechanism itself. But the relative over-accumulation of capital in the 1970s and 1980s is much more complicated and so more protracted. To the factors behind the cyclical over-accumulation of capital have been added new factors ultimately connected with the intensive technical and structural remodelling of the whole production process.

The crisis upheavals of the 1970s and early 1980s were something of a summing-up of SMC development over the preceding quarter-century, making it perfectly clear that economic development based on the extensive involvement of ever greater masses of natural resources in manufacture was running into a dead end. The reports of the Club of Rome in the early 1970s, based on a rather primitive extrapolation of industrial development trends of the 1960s, predicted an inevitable physical depletion of natural resources in the near future. While the past decade provides evidence that that will hardly occur in the foreseeable future, the resource-intensive development of production did become one of the main causes behind the sharpening of the global energy and primary products problems. Such disproportions are essentially rooted in the nature of capitalism and are manifested in the crisis of the entire system of its international division of labour and its integument: the inequitable international economic relations imposed by imperialism on the LDCs. The intricate tangle of these contradictions was expressed in the structural crises of underproduction in energy, raw materials and food. These crises literally exploded the value proportions in the reproduction of capital and became the crucial factor in the abrupt deepening of the world cyclical crises of 1974-1975 and 1980-1982.

The stagflation form of these cyclical crises led to a protracted disruption of individual consumption, the main component of market demand. The cutbacks in production made millions of people jobless, while the inflationary growth of consumer prices devalued the working people's nominal incomes. Thus, in the course of these crises the real wages of most workers in the United States were markedly depressed. For the first time in the postwar period, the population in the capitalist countries began to curtail spending on the most vital wants, together with a sharp cutback in real demand for consumer durables.

Capital used the unemployment and inflation to intensify the exploitation of labour power, so creating definite conditions for raising the rate of profit in the subsequent phase of the cycle, when the underloading of production capacities lessened. The intensity of labour was increased, social transfer payments were reduced, safety standards lowered, etc., in most developed capitalist coun-

tries. There was a wide spread of worker exploitation in such forms as unregistered shops, uncontracted labour, etc. These same phenomena, however, also create the conditions for the intensification of the economic and political struggle of the working class.

The new forms of cyclical development are largely connected with the exacerbating contradictions within the capitalist world economy (for details see Chapters Seven and Eight). The growing contradictions within the capitalist world economy stood out in bold relief during the cyclical crisis of 1980-1982. The world market trade rate of growth in 1979-1984 dropped to less than one-half, as compared with 1973-1979 (primarily as a result of the absolute contraction of raw materials exports from the LDCs). The overall dynamic of foreign trade, and also of all the other basic spheres of international economic relations between the industrialised centres of capitalism and their agrarian and raw materials periphery hit a postwar low in the first half of the 1980s.

The great dependence of the national economies on the external market—a direct outcome of the internationalisation of the capitalist economy, which had accelerated in the 1950s and 1960s—became an important and independent source of their instability in the new conditions of the last decade. The fact is that external economic ties now have an ever more important, and sometimes the primary, role to play in expanded reproduction. But as the TNCs' drive to maximise profits comes increasingly to the fore, the development of these ties rules out the very possibility of any harmonious blend of national and the international aspects in the development of the capitalist world economy.

The sharpening global structural problems—in energy, raw materials, food and the ecology—gravely disrupted the value proportions of international exchange and gave greater depth to the whole system of the international capitalist division of labour. Contradictions between the imperialist states and the LDCs striving for economic independence were markedly aggravated in the course of the 1980-1982 world crisis. All of this shows that in 1980-1982, international economic relations went through the gravest crisis upheaval in the postwar period.

Bourgeois economists sometimes claim that the Marxist analysis of cycles and crises is “outdated”: present-day capitalism has allegedly been transformed to such an extent that there is now little likelihood of regular cyclical crises.¹

The fact is that over the past several decades there has been evidence not only of a regular repetition of cyclical crises, but also of a clear trend towards their greater duration and destruc-

¹ “Marx ... foresaw that the capitalist economy was prone to cyclical fluctuations, and predicted that the periodic depressions would become ever more severe over time... (3)

Capitalism, however, transformed itself through the New Deal and the massive ... state intervention that has followed since World War II.”

(William Lazonic. *Karl Marx and Modern Economics*, Discussion Paper Number 826, May 1980, Harvard Institute of Economic Research, Harvard University, Cambridge, Massachusetts, pp. 3, 4).

tive force. At the same time, signs of a deep crisis of state-monopoly regulation were in evidence in the 1970s and 1980s. Many Western economists now have to admit that the Keynesian policy of regulating demand, which was so widely accepted in the capitalist countries in the postwar period, has led to the emergence of additional disproportions in the capitalist economy and to the growth of inflationary processes. Facts which characterise the development of the capitalist economy today show very well that the "critics of Marx" who hoped to see the crisis-free development of the capitalist economy have been confounded.

4. The Crises and Uneven Development

Having considered the peculiarities of the postwar cyclical development of the capitalist economy, let us now examine the impact of the world economic crises on economic growth rates in the three centres of imperialism (see the table).

Table 3

Industrial and GDP Growth in the Three Centres of Imperialism

Countries	Annual Growth (%)	Average Rate		Growth Rate (%)					
		1967- 1973	1974- 1979	1980- 1985	1980	1981	1982	1983	1984
<i>Industrial Output</i>									
United States	4.5	2.8	2.0	-3.7	2.7	-7.1	6.0	11.4	2.2
Japan	11.5	2.1	4.3	4.6	1.0	0.4	3.6	11.0	4.5
Western Europe	5.9	1.7	0.7	0.0	-1.5	-1.6	1.0	3.1	3.5
EEC	5.6	1.7	0.5	-0.8	-1.8	-1.6	0.6	2.7	3.7
FRG	6.5	1.3	0.4	0.0	-2.0	-2.1	1.0	3.1	4.7
France	6.5	2.0	0.2	0.0	-2.0	-1.0	1.0	2.0	-1.0
Britain	3.2	1.2	0.2	-6.5	-3.5	2.2	3.3	1.3	4.8
Italy	5.0	2.4	0.3	5.1	-2.1	-3.0	-3.2	3.4	2.1
<i>Gross Domestic Product</i>									
United States	3.4	2.6	1.9	-0.2	1.9	-2.5	3.5	6.5	2.2
Japan	9.5	3.6	4.1	4.9	3.9	2.8	3.0	5.8	4.6
Western Europe	4.9	2.4	1.3	1.5	-0.1	0.6	1.4	2.2	2.4
EEC	4.8	2.4	1.2	1.3	-0.2	0.5	1.2	2.0	2.3
FRG	5.0	2.4	1.2	1.8	-0.2	-0.6	1.2	2.3	2.4
France	5.6	3.1	1.1	1.1	0.5	1.8	0.7	1.3	1.2
Britain	3.4	1.4	1.0	-2.6	-1.4	-1.5	3.4	1.8	3.2
Italy	5.0	2.6	1.5	3.9	0.2	-0.5	-0.4	2.6	2.3

Source: The Economic Condition of the Capitalist and Less Developed Countries. Supplement to *World Economics and International Relations*, Survey for 1985 and early 1986, WEIR, No. 3, 1986; *UN Monthly Bulletin of Statistics*, OECD Main Economic Indicators for 1986

It will be easily seen that economic growth rate in Western Europe was much lower than that in the United States, to say nothing of Japan, although even there it had also markedly declined. The crisis processes of the current decade had the gravest effect on the West European centre, and under their impact industrial growth dropped to 0.6 per cent a year from 1980 to 1985, as compared with 1.7 per cent from 1974 to 1979, and 5.9 per cent from 1967 to 1973. The decline was roughly twice as deep as it was in the United States, and three times as deep as in Japan. The capitalist economy had not faced shifts on such a scale for a long time.

At the same time, the 1980-1982 cyclical crisis created the conditions which enabled the developed capitalist countries (especially the United States, partly Japan, and to a lesser extent, the West European countries) to pass on the main burden of their economic restructuring to the LDCs. Primary product prices (in US dollars) fell to the lowest level for the past quarter-century. The LDCs' export earnings dropped by more than 20 per cent in real terms in the course of the world crisis of the early 1980s. These countries' external debt soared by almost \$500 billion from 1980 to 1985, with debt repayment taking up almost 25 per cent of the export earnings. There was an increase in the outflow of net profits, interest and dividends going to foreign capital, the TNCs in the first place. As a result, the LDCs' GNP growth rates plummeted to the lowest level for 40 years (an average of 1.5 per cent from 1980 to 1985). The movement of fuel and raw-material prices became an important factor helping to reduce the rate of inflation in the developed capitalist countries.

The crises of 1974-1975 and 1980-1982 threw a strong light on the new pattern of forces in the imperialist camp. One important feature of current development was, undoubtedly, the growing political and economic hegemonism of US imperialism in international affairs, which, briefly put, was promoted by two factors.

First, as the balance of world forces changed in favour of socialism, and economic growth rates slowed down, together with the shortening of the period between cyclical crises, the reactionary forces of imperialism took the dangerous line of confrontation with the socialist countries and mounted a direct offensive against the economic and social gains of the working class at home. US imperialism acted as the shock contingent of these forces, and this inevitably made for its greater political and economic hegemonism in the capitalist world.

Second, the law-governed process in which the US share of the capitalist world's production and world trade shrank, a trend manifested from cycle to cycle in the 1950s, 1960s and 1970s, signified a relative, and not an absolute, weakening of US positions in the non-socialist world. In the cycle of the 1980s, the United States continues to maintain its scientific, technical, economic and military-political superiority over the other capitalist countries.

The United States still has the most powerful positions in the external economic sphere of the non-socialist world and sizable

power for using the economic potentials of other capitalist countries for its own ends. To this should be added the fact that the US economy relies on its own natural resources to a greater extent than do the other capitalist countries.

US economic positions abroad are connected with foreign trade to a lesser extent than those of Western Europe and Japan, because the US domestic market absorbs nearly 90 per cent of the goods and services produced in the country. These advantages were most manifest in the course of the early 1980s world crisis, which affected the United States to a lesser extent than it did Japan and Western Europe.

US strength outside the national borders is determined by two factors. First, the great might of the US TNCs, whose branches turn out a product equivalent in value to 25 per cent of the US GNP. Second, the dollar continues to be the chief currency of the capitalist world, and this enables the United States to influence international and financial systems in its own interests.

Under the Republican Administration, with its stake on force not only in politics, but also in economic affairs, the United States went over to a counter-offensive against the positions of Western Europe. The economic expansion of the United States, as of Japan, was one of the key factors which slowed down the surmounting of the cyclical crisis in many West European countries in the early 1980s.

However, that led to new economic complications. First, it turned out that the United States had to reckon with its imperialist partners, and that the period of its undivided domination of the capitalist world has ended. Japan and the West European countries (primarily the FRG) now have strong competitive positions in a number of economic sectors. Labour productivity and product quality in these countries are often higher than they are in the United States. Second, that being so, the United States was not assured of long-term success even with its high interest rates (as a means of attracting foreign capital), and the mighty dollar (as the means of payment other capitalist countries need to have).

Let us note that the whole of economic development in the cycle of the first half of the 1980s in a sense became paradoxical. The 1983-1986 economic expansion in the United States, which largely pulled up the economies of Japan, the FRG and some other West European countries, was itself to some extent based on "loans" from these countries. Economic development in the United States itself manifested some outwardly paradoxical processes. One would think that such phenomena as the vast—and growing—trade deficit and the rise in the dollar's exchange rate (until 1985) were mutually exclusive. There was also the equally unusual combination of a mounting US Federal budget deficit and declining rates of inflation. The apparent paradox of these processes forcefully brings out the profoundly contradictory nature of expansion in the economic cycle started by the 1980-1982 crisis, while demonstrating the internal constraints on the cyclical recovery of the mid-1980s, which proved to be highly unstable.

The trend towards another decline in the rate of economic growth in the United States, Japan and some other capitalist countries became manifest in the mid-1980s, and this seems to indicate that the current cyclical recovery is petering out and that the capitalist world economy is moving into another cyclical crisis. At the same time, factors have come to light that could prolong and modify the course of the cycle in the second half of the 1980s, among them, first, the sharp drop in the price of oil and of many other types of raw materials in the mid-1980s, something that could have a substantial effect on the prospects for capital accumulation in most developed capitalist countries; and second, there could well be a cyclical recovery in the West European countries following the long years of crisis and stagnation, a process that could maintain the further expansion of foreign trade.

Generally speaking, an analysis of the cyclical upheavals of capitalism today and their ever closer interpenetration with structural crises shows the all-pervading recessions of the mid-1970s and early 1980s to be quite natural, for in one form or another they are a reflection of the deepening basic antagonism of the capitalist society. Each of these crises was in fact the culmination of yet another economic cycle of capitalism and prepared the conditions for the subsequent cyclical movement of the economy.

It is, of course, impossible to give an authentic scientific evaluation of the possible future course of this process as compared with the earlier cycle, for everything will depend on the conjunction of an immense multiplicity of the most diverse factors, including whether the main groups of countries and sectors of their economy move ahead into the cyclical crises of overproduction simultaneously or in a staggered manner. That will largely depend on the impact of the structural crises and inflation on the development of production in the basic cycle-forming sectors of the capitalist economy. How the forthcoming cycles are shaped will also certainly depend on the growing influence of social-class conflicts in the capitalist countries and in their former colonial periphery, the development trends in world politics at the close of the century, the shifts in the balance of forces between socialism and capitalism in the international arena, and so on.

However all these factors are assessed, there is certainly no doubt that *new cyclical upheavals are in store for the capitalist economy*. Capitalism is incapable of averting them even by using the whole range of state-monopoly regulation instruments. There will continue to be a real threat of even more powerful cyclical crises than those of the mid-1970s and early 1980s. At any rate, the instability of the capitalist economy which has been rapidly growing at the present stage of the general crisis of capitalism tends objectively to amplify the probable prerequisites for such upheavals, which have a terrible effect on the living standards of the peoples and, for that reason, are fraught with grave social consequences for the capitalist social system.

The economic development of capitalism over the past several decades shows that Marx was quite right when he said that the ul-

timate cause of all the devastating crises of capitalism is "restricted consumption of the masses as opposed to the drive of capitalist production to develop the productive forces as though only the absolute consuming power of society constituted their limit".¹ The growing exploitation of the working people, which results in a relative and often absolute decline in their real incomes in time of crisis, continues to be a major outcome of the cyclical recessions of the capitalist economy in our day.

Each of the cyclical crises which capitalism has to go through before the end of the century is sure to make a "contribution" of its own to the unique features in the further deepening of the contradictions of the capitalist world economy. It is, of course, hard to predict just how unique each of these crises will be, but an analysis of the factors which produced the new features of cyclical development, and which were clearly in evidence in the 1970s and 1980s, show that many of them are long-term or irreversible. This suggests that the end-of-century crises will be closer in "cyclical pattern" and general economic and social consequence to the explosions of capitalist reproduction contradictions in the 1970s and early 1980s than, say, to the early postwar crises.

¹ Karl Marx, *Capital*, Vol. III, p. 484.

7

THE WORLD ECONOMY AND THE RECARVING OF SPHERES OF INFLUENCE

1. *The Formation of Three Centres*

"The last decades of the century are marked by new outbreaks of *inter-imperialist contradictions* and the appearance of their new forms and tendencies."¹

But these outbreaks are shortlived, leaping to new and altogether unexpected areas, only to return and explode once again at their beginnings. Such are the trade, investment, monetary and other "wars" between the monopolies of the various capitalist states and their blocs. These "wars" stop short of developing into armed conflicts between the imperialist coalitions not because imperialism has undergone a peaceful transformation, for it continues to generate aggressive trends, but because of mankind's growing urge for survival.

Let us bear in mind Lenin's view of the economic partition of the world as a division of profits between the monopolies of various capitalist countries.²

Profits flow to the monopolies from abroad along various channels, such as the export of capital, participation in international associations, the trade in commodities, services and licences, foreign-exchange operations, and so on, so that the monopolies and the imperialist powers are naturally engaged in a fight for the partition and repartition of these spheres.

The struggle between the monopolies of various countries for control of the actual exploitation of labour force abroad is a key element of this division. The struggle to intensify exploitation on an international scale and to squeeze maximum profits out of the labour-power everywhere provide the basis for the partition and repartition of spheres of influence and domination.

The range of techniques used to assert and recarve spheres of influence has been markedly widened under highly developed SMC.

¹ Mikhail Gorbachev, *Political Report...*, p. 17.

² V.I. Lenin, *Collected Works*, Vol. 22, p. 251.

Inter-state integration of national economies is one form in which the power of the state is combined with the strength of the monopolies. There is also the emergence and powerful development of the TNCs. These two forms in which capital is internationalised at first sight appear to have developed separately from each other, and even in opposite directions, so that the one appears to be at odds with the other. But postwar development shows that the two have the same ultimate objective, which is to create an international monopoly form for the appropriation of STR achievements, arrangement of a mass production system cutting across state borders, and appropriation of its results. In a sense, both forms sum up the whole course the internationalisation of capital has run over the centuries.

However great the distinction between the historical structures of world economic intercourse in the 13th and 14th centuries, before the establishment of colonies, from the 15th to the 18th centuries, when manufactory production was the basis of the international division of labour, and the first half of the 19th century, when the international division-of-labour system began to take shape as an adequate marketing outlet for large-scale machine industry—all these stages are linked in history as stages in the development of the world-wide capitalist market, because the exchange of commodities (international trade) continues to be the basic and universal connection between all the national economies.

The historical turning point came with the transition to monopoly capitalism based on the export of capital as the bond that knitted all the countries into the system of international intercourse. In the late 19th and early 20th centuries, the world capitalist market as a complex of trade interconnections between the national economies became a system of direct producer exploitation of one set of states by another.

The tremendous shift from the period of prevalence of world cartels to that of TNCs took place in the course of the 20th century. This shift needs to be more precisely defined, considering that bourgeois economists and sociologists keep making the hackneyed claim that monopoly capitalism has ceased to be capitalism, although they take care to avoid the burning issues stemming from the actual processes of the revolutionary disintegration of this once world-wide system, which is now forced to adapt itself to the insuperable onslaught of socialism and all the other anti-imperialist forces. Certain bourgeois theorists also argue that imperialism has disappeared: has not a growing number of countries escaped from the system of imperialist oppression?

Those who claim that capitalism has ceased to be capitalism admit that the conflicts flaring up in the international arena nowadays tend to obscure the fact that a world-wide business system, without the prop of imperial political control, has been established, and that "this central fact of economic development during the third quarter of the twentieth century should have a significant and perhaps a decisive influence on what will happen in the last quar-

ter."¹ Those who claim that imperialism has disappeared are inclined to make even more far-reaching admissions, namely, that the world economy has passed through three main historical phases: first, the transition from feudalism to capitalism; second, the stage of competitive capitalism; third, the stage of imperialism. Now, they say, it has entered upon a fourth, post-imperialist phase,² and the trouble with the Marxists is that they insist that the phase of imperialism continues.

This line of reasoning is used to cover up the exploitative nature of the TNCs and to back up the claim that the TNCs are capable of carrying the bourgeois society beyond imperialism. In actual fact, we have here a specimen of sophistry, the deliberate inflation of one aspect of present-day capitalism, of one of the *forms* of monopoly domination for the purpose of camouflaging its *substance*. One cannot help recalling at this point Lenin's ironic and prophetic comment: "Economists are writing mountains of books in which they describe the diverse manifestations of monopoly, and continue to declare in chorus that 'Marxism is refuted'."³

Meanwhile, the development of monopoly capitalism, and in particular, of the TNCs over something like a century has confirmed Lenin's conclusion that this dramatic and conflicting evolution continues to be based on the capitalist monopolisation of social production.

The fits-and-starts economic partition of the capitalist world by the monopolies of the various countries has brought out in ever bolder relief the two tendencies characteristic of the 20th century. The *first* was the development of initially market agreements and coordinated commercial operations involving the marketing of products characteristic of international cartels (late 19th and early 20th centuries) into ever closer interaction in the producer sphere involving the distribution of raw-material, energy, labour and financial resources within the framework of international trusts and consortia (1920s-1930s). The *second* was progressing state intervention in the capitalist world economic relations. The two tendencies were not parallel to each other in any sense, because it became quite clear after the Second World War that the imperialist state mainly undertook to handle the indirect regulation of international economic relations by means of commercial, credit and monetary instruments, while the private capitalist monopolies exerted a direct influence on production.

In the postwar period, as the highly developed state-monopoly economy took shape, the two tendencies interlaced and clashed

¹ *The Future of Business: Global Issues in the 80s and 90s*, ed. by Max Ways, Pergamon Press, New York, 1979, p. 23.

² *The New International Economy*, ed. by H. Makler, A. Martinelli, N. Smelser, International Sociological Association, Beverly Hills (Calif.), 1982, p. 5.

³ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 200.

with each other over a number of phases, inevitably and unevenly bringing out among this or that group of countries now one and now another characteristic feature of the "supra-national" regulation of world economic relations. There appear to be three main phases in the interaction between the imperialist states and capitalist monopolies in the gradual shaping of a more or less systematic state-monopoly regulation of capital's international economic relations.

At the *first* stage, which had its beginnings at the end of the Second World War and continued until the mid-1950s, the imperialist state ceased to be—for the first time in history—a middleman and financier of import operations, a creditor and underwriter of the export of capital, goods and services, and began actively to accumulate, manage and distribute import and export resources and generally operate as an instrument of external economic expansion.

These functions were most elaborately developed by the US state machine. Owing to the leap-like effect of the law of uneven economic and political development under capitalism, the United States was rapidly propelled well forward in advance of other countries in the potential of external expansion, but this at once revealed a profound contradiction between the accumulated resources of capital and the unstable conditions for investment in a war-ruined capitalist world. That gap was closed by the state. The postwar US Administration hastily put together and imposed on the non-socialist world a programme of state-sponsored expansion of US and Canadian capital, with open talk of North American props being used to shore up the shaken foundation of world capitalism under the leadership of the US dollar. The expansionist strategy of North American capital, most explicit in the Marshall Plan and Truman Doctrine, had the twofold task of ensuring control for US monopolies over the economy both of the metropolitan countries and of their colonies. The same objectives were pursued by the strategy of gradually lowering British imperial preferences, especially through the General Agreement on Tariffs and Trade (GATT), and by the tying of international financial and monetary relations to the US dollar through the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF), both of which were founded during the war and operated on the basis of the US dollar.

The sharp increase in the role of the state in external economic relations produced deep qualitative shifts, and often led to down-right degeneration of this sphere, or rather, to the emergence of new and patently ersatz forms of external expansion. At the root of these transformations was the mastering of sizable funds (tens of billions of dollars) through the state budget and their distribution among select countries in the guise of "gratuitous aid" or "grants" under the Marshall Plan and other US programmes. The recipients of US "aid" soon came to feel how onerous it was: "aid" was more or less regularly forthcoming in return for sys-

matic submission of reports to the US control administration on the economic and financial resources of the recipient countries, and provided the local authorities took the correct political orientation.

Refusal to receive US "grants" entailed the loss of other "privileges" from the United States, credits in the first place. All the interconnected forms of financial exploitation involved the pumping of some \$15-16 billion into Western Europe in a peculiar scheme to reanimate capitalist accumulation. But what was really reanimated was the influx to Europe of US private capital, for which all the forms of US state "aid" acted as a battering-ram to break down the walls round the West European economies. Indeed, Marshallisation meant growing control by private US investors of the most profitable sectors of the economy in the West European countries, political string tying these states to the hegemonic line of US imperialism, and a drive against the working people's vital rights and the sovereignty of nations.

US monopoly capital hoped to use that penetration into the economy of the capitalist powers, which in the early post-war period still held on to their colonial empires, as a bridgehead to effect a breakthrough into the possessions of its rivals. However, the US monopolies failed to effect this breakthrough either in the 1940s or in the 1950s. Meanwhile, they were not remiss in building up their capital investments in Latin America, Canada and Japan, so that by the early 1950s US direct investments had gone up to nearly \$12 billion, being allocated more or less equally between the industrialised capitalist countries and the LDCs.¹

By about the end of the 1940s, the world capitalist economy had a single centre, US imperialism, which was out to realise its expansionist plans for a Pax Americana, a hegemonic system which was further entrenched in the autumn of 1949 by a wholesale devaluation (one of many) of the currencies of more than thirty capitalist countries.

While US monopoly capital did capture predominant positions in the non-socialist world, it was unable to interrupt for any period of time the inner workings of the law of the uneven economic and political development of countries under imperialism. That is why a new balance of forces gradually began to take shape between the capitalist countries and did actually take shape as a new element in the uneven development of the United States and Western Europe.

The second stage was characterised by uneven development of the United States and Western Europe; it lasted from the second half of the 1950s to the late 1960s, and led to the gradual emergence of two centres within the capitalist world economy: while the United States continued to grow, another centre—Western Europe—was rapidly gaining ground in the division of the economic spheres of influence in the capitalist world. Both in price formation and in settlements, international trade was unilaterally geared

¹ See A.A. Gromyko, *The External Expansion of Capital. History and Present Day*, Myal Publishers, Moscow, 1982, p. 23 (in Russian).

to the US dollar, which acted as the world currency, and this intensified the search among the other countries, notably those of Western Europe, for a multilateral and mutual orientation in their business relations. Thanks to their rapid growth, the West European countries were soon able to capitalise on the uneven development: by the end of the 1950s, they had introduced a partial convertibility of their currencies, the system of their mutual settlements had been consolidated, and their share in world economic operations had grown. However, the Common Market (initially set up by six West European countries, then enlarged to nine, and now to 12 West European countries) became the main bastion in their successful fight against the US leader.

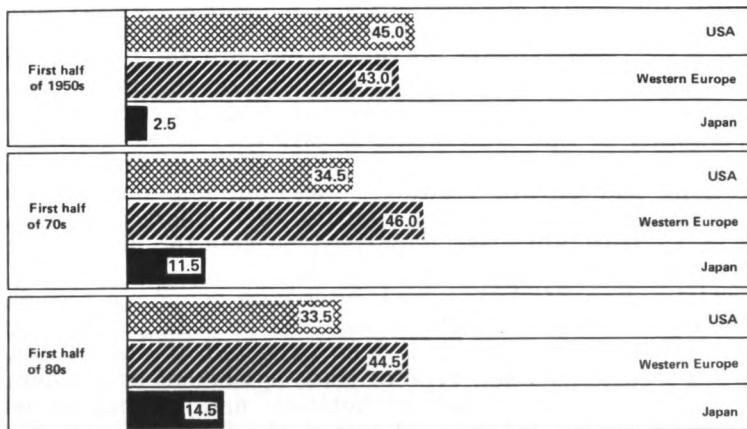
The Common Market, a new inter-state economic association, had many functions, which it exercised on a larger scale and in greater depth than could have been expected. It was, in fact, not so much a customs-union type of trade agreement or a scheme for the further division of labour between nations, but something much more quite different. It raised the internationalisation of production and capital to the state-monopoly level, to that of inter-state integration of the economies of several large and smaller countries of Western Europe. Known as the European Economic Community or Little Europe, it inevitably assumed the form of a limited bloc of capitalist states uniting against the others for the purpose of redividing spheres of influence: markets, sources of raw materials, manpower and capital.

The Common Market was set up under the Treaty of Rome of 1957, and from 1959 on it began to erect a barrier in the form of higher tariffs against third countries, while within the area its members got down to lifting quotas and tariffs in a process of mutual foreign-trade disarmament. The result was something like an equalisation of the terms of competition, which was sharpened and so led to a redivision of markets. Farm prices were fixed by the Common Market authorities for a common agricultural market, and this likewise acted as an instrument for ousting uncompetitive farms from the market. Labour began to migrate within the Common Market on a sizable scale, and capital likewise migrates between the EEC countries in accordance with their agreements. All these processes are being increasingly influenced by the "European" monetary system and a European Currency Unit (ecu).

The EEC has developed into a powerful rival of the United States, and has even outstripped the latter in some key economic indicators, notably, in the rates of growth of output, foreign trade and investments abroad; it has also succeeded in establishing a Eurocurrency market as a rival of the dollar-market.

Although the most diverse commodity markets have become the main spheres of rivalry between the US monopolies and the EEC, the capital markets are becoming the main arena, while the seizure of financing and credit sources is developing into down-right investment wars. The two chief rivals on either side of the Atlantic did not at once perceive the rise of an even more dynamic rival in the Pacific, Japan, a new contender for world economic

THE SHARE OF THE THREE CENTRES OF IMPERIALISM IN THE DEVELOPED
CAPITALIST COUNTRIES' INDUSTRIAL OUTPUT (per cent)



leadership shaping a new co-prosperity sphere, including Australia and New Zealand, with itself as the core.

The spontaneous distribution of forces between the three centres of international imperialism, which became obvious in the late 1960s, signified capitalism's entry upon the *third* stage of world economic relations, with the TNCs providing the foundation and the main strategic and tactical weapons. Let us recall that the TNCs regard the whole world as their market and organise and locate production and marketing outlets without regard to national political boundaries. They are motivated solely by considerations of time and place, the place being the capitalist part of the globe, and the time being the moment of sharpened competitive infighting for spheres of control. That is the approach which has enabled the TNCs to develop into the main force behind the capitalist world's economic processes at the present stage in the general crisis of capitalism.

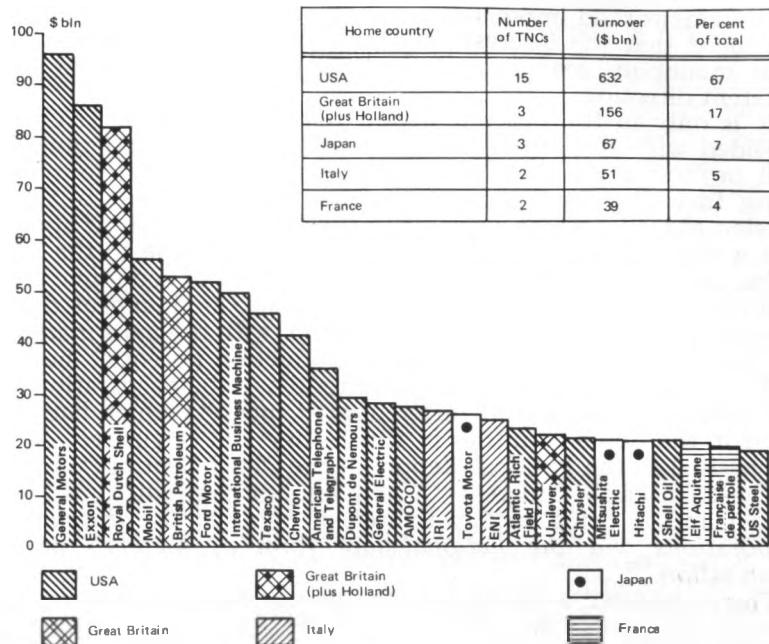
Two deeply-seated factors led to the formation of the TNC system: the STR and the formation of a highly developed state-monopoly economy.

The STR cannot proceed simultaneously and evenly in all the countries, and it has required of capital unprecedented mobility and an ability to purchase, sell, repurchase and resell the fruits of this progress as soon as they appear. The TNCs have taken shape mainly as cosmopolitan clots of capital for exploiting and capitalising on the advances of the STR. One report notes the "growing cross-currents of investment among industrialised countries and the growing globalisation of production, whereby production units are located in areas that are most advantageous from the standpoint of the over-all costs for the corporations involved."¹

That shows very well the two-fold connection between the TNCs and the STR, namely, the potentially unlimited mobility of production socialised on an international scale, and the terri-

¹ *Transnational Corporations...*, Op. cit., p. 2.

TURNOVER OF THE 25 MAJOR TNCs IN 1983 (\$ bin)



territorial limitation of the spread of the TNCs mainly to areas where STR results are being applied.

2. Internationalisation and National Facilities

The TNCs' capacity to monopolise and apply STR innovations has led to their rapid growth abroad, so revealing their close ties with new technology which confines their operations to the sphere of the most developed modern industrial production. Almost 95 per cent of direct capital investments abroad come from industrialised capitalist countries which are members of the OECD.¹ More than 65 per cent of US subsidiaries abroad, nearly 70 per cent of the French, over 75 per cent of the British, and 80 per cent of the West German, Canadian, Belgian and Dutch subsidiaries abroad are located in industrialised capitalist countries.² The number of TNC subsidiaries located in LDCs has begun to grow only in the 1980s as the main force of neocolonialism paving the way for the global expansion of imperialism in the newly-free countries in order to keep control or appropriate their natural resources.

Lenin says that a distinction should be made between internationally united finance capital and imperialism as a whole, on the one hand, and the nationally-frameworked finance capital and the

¹ Ibid., p. 3.

² Ibid., p. 4.

state-frameworkd imperialisms, on the other,¹ for it has long been evidenced that the interests of the individual capitalist states and their monopoly groups tend to differ in location and to run in different directions.

It is only in the postwar period that multisectoral TNCs were provided with the objective conditions for mass production going well beyond the national markets, while multilateral sources for giving financial, fiscal, scientific and technical support to this expansion abroad became available to the capitalist states. It appeared that a way had been found for giving a state handle to the TNGs' global aspirations and for making state systems of economic regulation more similar in nature, but there was also an unexpected development: production facilities lost their ties with the mass market, so the global expansion of the TNCs' production potential made the TNCs feel the impact of the negative results of their separation from the most voluminous and differentiated markets which had taken shape in the home countries in which they had originated. As it is emphasised in the Political Report of the CPSU Central Committee to the 27th Party Congress "A new knot of contradictions has appeared and is being swiftly tightened—*between the transnational corporations and the national-state form of society's political organisation*."²

There appeared a new line in the bourgeoisie's policy and bourgeois science, designed to do away with the separation of the globally oriented production from the markets in their home countries, producing the new concept of "internalisation" to designate the movement back home to slow down the effect of the forces of internationalisation. While bourgeois economists in the developed capitalist countries want to see the global markets turned into the TNCs' internal markets, those in the LDCs hope that the TNCs will be more closely tied down to the requirements of their own markets. The quarter-century of the TNCs' external expansion has revealed that their mass production cannot hope to find better mass markets than in countries with the utmost spread of the STR, i.e., the industrialised capitalist countries with the most developed consumer demand.

3. Labour as an Object of Struggle for Spheres of Domination

The TNCs' drive to monopolise labour has become a key issue following the important changes in the production of surplus-value under the STR because of changes in labour itself.

"Skilled labour is monopolised,"³ Lenin said as he analysed processes in the early 20th century, when the bulk of the working people were not yet skilled—at any rate had no secondary edu-

¹ See V.I. Lenin, "Preface to N. Bukharin's Pamphlet, *Imperialism and the World Economy*", *Collected Works*, Vol. 22, p. 105.

² Mikhail Gorbachev, *Political Report...*, p. 20.

³ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 205.

cation—i.e., were capable of performing no more than simple manual labour. Under the STR, the bulk of the labour force had to be switched from the performance of simple to complex labour, i.e., labour equipped with knowledge, which meant unparalleled STR benefits for the monopolies, since the extraction of surplus value no longer involved the expenditure of the worker's physical energy alone, but also of his mental and nervous energy. "The mechanism of exploitation has become more complex, more sophisticated. The skills, intellectual powers and the energy of the worker are being exploited for gaining more and more profit."¹

"All labour of a higher or more complicated character than average labour is expenditure of labour-power of a more costly kind, labour-power whose production has cost more time and labour, and which therefore has a higher value than unskilled or simple labour-power."² Furthermore, "this power being of higher value, its consumption is labour of a higher class, labour that creates in equal times proportionally higher values than unskilled labour does."³

The increase in surplus-value was well in excess of the higher cost of transforming simple labour-power into complex labour-power, which is why the advance of the STR can also be measured by the pace at which mass general and specialised education has grown. The scale of the growth has, of course, differed from country to country. In the United States, for instance, from 1929 to 1959 the average education span for working people doubled to 10.7 years; from 1950 to 1959, the increase came to 13.2 per cent, and from 1959 to 1970, to only 3.3 per cent. It is true that the growth of the education span has a tendency to slow down because of the ever greater intensity (efficiency) of instruction, but there is also evidence of another reason for the decline in the attractiveness of education, namely, the mass sackings of certificated graduates, and the monopolies' switch to the replacement of technical operators with new types of machines. In the West European centre of imperialism the migration of workers was geared to raising the level of their education. The Common Market countries agreed to the free movement of capital, goods and labour force on the territory of their states: under Articles 48-53 of the Treaty of Rome, working people were free to move about the whole territory of the Common Market in search of jobs and to be domiciled in any of these countries when employed.

That was an arrangement from which capital stood to gain: in Italy, for instance, the level of wages was much lower than in the other Common Market countries, so that the mass importation of Italian workers helped to bring about a relative lowering of wages in the other countries. In the early 1960s, the priority in hiring local labour was gradually to give way to equality for all "West European" labour, and then to preference for foreign job-

¹ *The Programme of the Communist Party of the Soviet Union*, p. 15.

² Karl Marx, *Capital*, Vol. I, pp. 191-92.

³ *Ibid.*, p. 192.

seekers, so that in fact a reduction of wages down to the Italian level was contemplated.

But the proletariat took a different view of the matter: just because wages were lower in the homelands of immigrant workers, that was no reason for any discrimination against them in the host country, and the proletarians' joint struggle led to the satisfaction of the internationalist demand of equal pay for equal work: the leveling of wages was largely effected upwards.

Capital once again tried to act in accordance with its self-seeking logic: having failed to pay lower wages to citizens from Common Market countries, it decided to import job-seekers from countries to which equal rights with local workers did not apply. From 1964 to 1973, the Common Market countries concluded a number of bilateral conventions with third countries on the import of labour force from the latter to build up a supply of labour to which the rights and gains won in hard struggle by the working people of the Common Market countries did not spread. Two-thirds of the immigrant workers in the 1960s and three-quarters in the 1970s already consisted of citizens from other than Common Market countries. In some years, the total pool of foreign workers in Little Europe was in excess of 12 million. The mass immigration of working people from third countries helped to bring on the realisation of one of the principal requirements of the STR on local labour-man, namely, a secondary education as a minimum. UNESCO data show that the leading countries of monopoly capital have adequate quantities of trained labour force, although the education structure within each country and from country to country tends markedly to differ. It is also hard to measure the qualitative distinctions in the national education systems.

The training of skilled labour force to meet the requirements of the STR is a component part of the transnational strategy of employment planned at the TNCs' headquarters: the labour force employed at their enterprises is strictly hierarchic in terms of knowledge and skills. The TNCs take their pick of the applicants for jobs, selecting the most experienced and skilled managers, engineers, technicians, workers and other specialists to man their head enterprises. As mass production is organised, it turns out that some of the labour operations are much too simple, primitive and labour-intensive, requiring disproportionately high remuneration. These are the operations which are transferred to subsidiaries abroad, where there are many less-trained and so cheaper personnel, while still other operations requiring large inputs of simple (manual) labour, can well be transferred beyond the seven seas, i.e., to the less developed countries.

Consequently, the spheres of influence into which the capitalist world is partitioned between the TNCs are not shaped alongside the exploitation of their own workers, but on the basis of that exploitation. It is not surprising, therefore, that for all their growing mobility, the TNCs do not lose touch with their main source of profits: the most highly trained labour force, the industrial workers.

Indeed, all the TNC-monopolised instruments of internationalisation of production and capital circulation are designed to exploit the flower of this labour force and to maximise its production of surplus-labour.

4. Uneven Development and Polycentrism Today

The core of TNC domination consists first of national and then of increasingly international conglomerations of labour-power, what could be called condensations of its most productive contingents, round which all the other forms of economic relations tend to rotate: the international movement of capital, world-wide migrations of manpower, world trade, inter-state settlements, and monetary relations. "Self-expanding" capital has, of course, always been the motive force behind this world-wide economic rotation, but living labour, the vital activity of labour force continues to be the constant ferment in its expansion.

Since every aspect of the internationalisation of economic life under capitalism is effected within the framework of private property, spheres of rival interests, spheres of influence, and of economic and political domination tend to take shape.

The economic and political partition of the capitalist world remains the basis of the relations between the combinations of state-monopoly systems in the individual capitalist countries and within their blocs, constituting the underlying foundation of the international economic operations by capital, of its world economy. "We see plainly here how private and state monopolies are interwoven in the epoch of finance capital; how both are but separate links in the imperialist struggle between the big monopolies for the division of the world."¹ But once begun with the transition to imperialism, this struggle for the partition of the world tends to run most unevenly, depending on the balance of forces.

Lenin pointed out that the "only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the *strength* of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the *even* development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism."² It was Lenin who discovered the most important law of imperialism as an international system: the law of the capitalist countries' uneven economic and political development with investments abroad by the capitalist monopolies of various countries providing them with a kind of spring-board in international economic relations.

¹ V.I. Lenin, "Imperialism, the Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 251.

² *Ibid.*, p. 295.

The rapidly changing differences in the degree and scale to which labour-power is exploited could be regarded as the root cause of the uneven economic and political development of the various capitalist countries. That the exploitation of labour-power under the STR is the common basis for inter-imperialist competition has been quick to manifest itself in the trade battles on the world markets. After all, before the monopolies of the various countries got down to assimilating the results of the STR, they had regarded competition as a source of growing strength, since it helped to *depress* the level of wages or, most frequently, to *slow down* their growth. But it turned out in the postwar period that the rival centres of capital had to face the tendency towards a narrowing of the gaps between the national wage levels, as the West European and Japanese approximated to that of the United States.

By the end of the 1960s, the ratio of real wages in the United States, France, Britain, the FRG, Italy and Japan stood at 100, 85, 55, 60, 40 and 35. In the 1970s, the changes in wages were extremely uneven: the annual average increase was 0.4 per cent in the United States, 4.2 per cent in France, 2 per cent in Britain, 2.9 per cent in the FRG, and 3.8 per cent in Japan.

There are naive attempts in the West to present the developments imposed on the capitalists under the STR as being the result of the employer's good will or even their concern for the working man. Some reason on the following lines: "Postwar experience shows that in the international competition the successful firms did not succumb to the temptation to lower wages, with the corollary of labour dequalification ... and suggests rather the opposite tendency: in the economies where industrial modernisation and reconversion were most spectacular (FRG, Japan) the rapid growth of real wages went hand in hand with the formation of men and their involvement in the amelioration of products and technologies."¹ That is a typical piece of wishful thinking, claiming for present-day capitalism ultimate STR trends that are alien to it and that can be truly realised under correct scientific and technological policy only after a socialist revolution.

Contrary to the capitalists' will and urge, the results of the international competition have indirectly produced a trend towards national wages being approximated to the higher international levels, a trend which, however, was interrupted mainly in the crisis-ridden 1970s and 1980s, when there was a decline in real wages and salaries in all the capitalist countries. The growing scale and degree of exploitation, camouflaged by the lag in raising the remuneration of more complex labour, provide the basis for the emergence of ever new forms of economic growth and external expansion.

The fact that the bulk of the foreign investments from the three centres of imperialism goes into the industrialised capitalist countries should not suggest that the LDCs do not have an important

¹ *Futuribles*, No. 70, October 1983, p. 40.

place in shaping the spheres of influence. On the contrary, the countries which escaped from the colonial yoke are now being enveloped in neocolonialist dependence, and here the key role belongs to the growing foreign investments.

Foreign direct investments in the industrialised capitalist countries grew at an average of 11.7 per cent a year in the 1960-1970 period, and at 16.4 per cent in the 1981-1985 period, as compared with 7.5 per cent and 18.3 per cent, respectively, for the LDCs. These investments, together with loans, credits and the buying up of raw materials help the monopolies of the imperialist centres to control the lion's share of the output of metals and mineral raw materials in the capitalist world: no more than ten US and West European companies control 70.9 per cent of the world's copper output, and six control 82 per cent of the aluminium. As a result, the proletarians of the former metropolitan countries and colonies, shouldering the heavy burden of the most refined industrial exploitation and neocolonialist oppression, find themselves in the same spheres of influence as the sources of profit for the TNCs of the United States, Western Europe and Japan. Direct investments from the three main centres of imperialism have grown most unevenly (see the table).

*Foreign Direct Investments from the Three Centres
of Imperialism*

	USA		Western Europe		Japan		Total (including other countries)	
	\$ bn	%	\$ bn	%	\$ bn	%	\$ bn	%
1960	31.9	65.1	21.5	37.1	0.3	0.5	58.0	100
1973	101.3	48.9	84.3	41.0	10.3	5.0	207.0	100
1981	227.3	43.3	224.1	42.7	46.4	8.8	525.0	100
1985 ¹	312.2	40.8	332.8	43.5	79.6	10.4	765.0	100

Sources: *World Economy and International Relations*, No. 2, 1984, p. 24; *Survey of Current Business*, No. 8, 1986, p. 31; *British Business*, June, 1986, p. 459.

Note 1: Author's estimate.

Within these three centres of world imperialism, there emerge inter-imperialist contradictions which are manifested in the following forms.

First, growing resistance to the hegemonic line of US imperialism, which is so oppressive that it "tends to antagonise even those who are convinced of the need for it".¹ Second, the internal

¹ *Project*, No. 174, April 1983, p. 326.

contradictions of the EEC are so profound that its much-vaunted unity appears only in its resistance to US and Japanese pressure. One West German economist says that "once the EEC is immersed in its internal strife, it will be altogether incapable of confronting the two other centres of world imperialism".¹ Third, there is now the prospect of Japan exerting even greater pressure on the markets of the United States and the EEC, a prospect which has now and again produced threats of protectionist counter-measures, the closing of foreign markets to Japan, and so on. One French journal says: "The exacerbation of international disproportions ultimately threatens to undermine the form of organisation in the world's most competitive country itself."² But there is an awareness in Western Europe that threats will do no good. Indeed, "something has to be done, if the Americans and the Japanese are not to see in Europe at the turn of the century something similar to the Greece of our day—memories of a great past".³

Hence the mounting pressure on the working class and the efforts to involve it in international competition as an interested party. It goes without saying that the working class in many countries has not lost out from the established trend towards the international leveling off in wage rates.

One should not expect that the narrowing of the national wage gaps will discourage international investors from making investments abroad, buying foreign enterprises and setting up subsidiaries in other countries. This trend can rather be expected to induce the TNC head offices to try and make use of the still remaining differences with even greater lust and manoeuvre even more desperately and cunningly.

5. The World Capitalist Market and Inter-Imperialist Contradictions

The sphere of imperialist domination has been sharply narrowed down by the growth of the world socialist system, and by the political and incipient economic decolonisation of the former colonial and dependent countries, but it is on this particular base that the law of the uneven economic and political development of capitalism operates most acutely, convulsively and with the sharpest contradictions, creating the soil for constant shifts in the balance of forces between the individual financial groups, capitalist states and their diverse combinations.

The hallmark of the present situation is that, alongside the traditional confrontation of the imperialist states and their coalitions, high-conflict rivalry between the three main centres of imperialism, as well as between the new capitalist power centres,

¹ Hans O. Eglau, *Kampf der Giganten. Europa, USA und Japan im Wirtschaftsweltstreit*, Econ Verlag GmbH, Düsseldorf und Wien, 1982, p. 247.

² *Futuribles*, No. 70, October 1983, p. 54.

³ Hans O. Eglau, Op. cit., p. 106.

has been superimposed on their traditional confrontation and has been brought to the fore. Western Europe and Japan make up a real counterweight to the US claims to hegemony in the capitalist world.

Factors which have led to a gradual change in the balance between the rival forces of capitalism to the detriment of the United States began to intrude into the sphere of inter-imperialist relations from the 1960s.

The US economy has been seriously harmed by the more frequent—as compared with other countries—alternation of crises of overproduction, ups and downs in economic growth rates, and a slowdown in the growth of labour productivity.

The share of the United States in the industrialised capitalist countries' GDP declined from 47 per cent in 1950 to 37 per cent in 1985, and its share of industrial output, from 51 per cent to 37 per cent. Some 30 years ago, the GDP of the ten countries now within the Common Market and Japan added up to less than 80 per cent of the US level, and today it is well over 120 per cent (in 1975 prices). Western Europe has outstripped the United States in industrial output and has become the main centre of international capitalist trade. In 1983, it exported 3.5 times more goods (in terms of value) than the United States. It has at its disposal almost one-half of all the foreign-currency reserves of the capitalist world, which is roughly ten times the reserves of its rival across the Atlantic. Japan has also risen to the ranks of a world industrial power, and has kept narrowing the distance in economic development between itself and the United States. Japan's main advantage is the capacity to adapt swiftly and flexibly to the continuously changing situations produced by the succession of tides of scientific and technical progress.

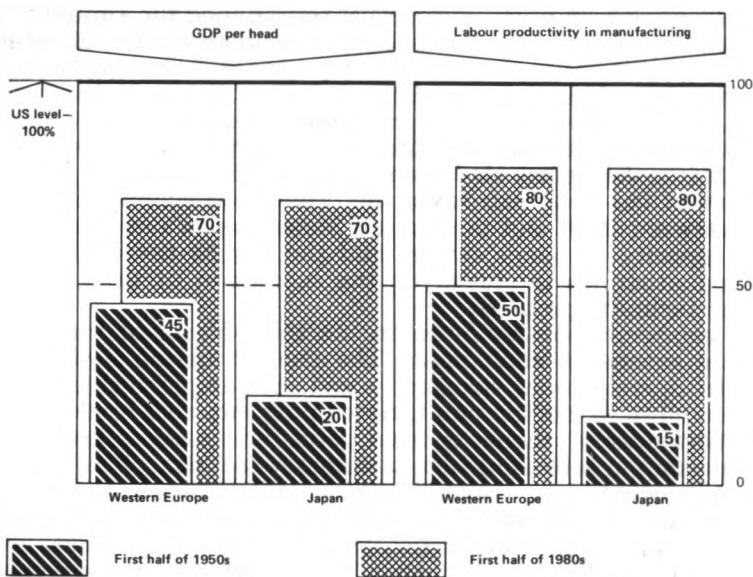
The economic contest between the three giants of imperialism has now entered a new phase. The law of uneven development tends to operate more stringently and inter-imperialist contradictions are close to boiling point, developing into real battles for the competitiveness of their exported goods and services and clashes for leadership in promising high-technology sectors.

In the recent past, Japan's main competitive weapon was the purchase and skilful use of foreign patents and licences, and the almost instant application of foreign scientific and technical inventions and technologies in industry. It has now made a sharp change in its economic strategy, concentrating its efforts on the most promising lines of scientific and technical progress, and has already scored some impressive results. It has developed into an exporter of high technology, established its superiority in microelectronics, is well ahead of the United States—to say nothing of the other capitalist countries—in the fabrication of robots, and leads in such decisive industries as the latest-generation computers and microcircuits. It has increased its R&D expenditures to 4 per cent of the GDP, and this will enable it to pull even farther ahead of Western Europe in available technical facilities and move close up to the United States.

The changing balance of forces within the United States-Western Europe-Japan triangle also stands out in bold relief in such an important sphere of their economic rivalry as the international migration of capital.

The United States will find it hard to maintain its leading positions in the capitalist world in the foreseeable future, and this is borne out by prognostications coming from the OECD, the Hudson Institute and other futurological establishments, showing that, while the United States will continue to be the leading military-political power at the beginning of the next century, it will cease to be the chief centre of the world capitalist economy. US economic growth rates are expected to remain below the world's average, and US global positions will no longer be exclusive. In other words, the United States has been noticeably losing its image of "youth, dynamism and success".

APPROXIMATION OF ECONOMIC DEVELOPMENT LEVELS OF LEADING CAPITALIST COUNTRIES (per cent)



It is the increasing evening out of the three centres of imperialism in terms of productive forces and concentration of production and capital that makes up the background to ever greater leap-like economic development spawning explosive flare-ups of competitive rivalry between the industrial and financial capitals and the capitalist states. The economic convulsions are inevitably interwoven with political unevenness, so eroding the whole existing system of international relations in the capitalist world. The monocentrism in economics and politics has been giving way to polycentrism, while US imperialism with its global structure of nuclear bases and troops

deployed abroad continues to maintain its military hegemony.

The paradox of the situation is that the strengthening of the Japanese and the West European centres proceeds under constant political pressure from the United States, which relies on its partners' direct and indirect military dependence. That has forced Western Europe and Japan to accept compromises against their national interests, while seeking ways for more effectively countering US economic expansion, an effort which is especially urgent now when the United States is stepping up its economic and political pressure on its partners through NATO and other military-political alliances.

Other forces are bound to join in the struggle between the imperialist giants sooner or later. These forces' new configuration is becoming more evident. In perspective, other regions and countries, Australia, and New Zealand, Brazil and Canada are expected to be engaged in effective world economic and political competition.

However, Washington's behaviour cannot be put down exclusively to its messianic claims: there is, after all, an objective basis for it, since the United States continues to be the capitalist world's major economic force, despite its shrinking share in the world capitalist economy. It also continues to lead in the production of some of the latest hardware and technology, including some types of computers, personal computers, the bio-industry and genetic engineering, its most important offshoot, and also pioneers in some ways the introduction of new technological facilities into the capitalist economy, management and everyday life.

All of this helps the United States to maintain its domination on the world markets of some high-technology products and also of scientific and technical knowledge. It continues to be the major exporter of capital and foodstuffs, and the virtual military leader within the system of imperialist states.

Consequently, the relative weakening of the world positions of the chief capitalist centre of economic rivalry has not proceeded either swiftly or straightforwardly. Thus, following the 1974-1975 world crisis there was a slight increase in the US share of the capitalist world's GDP, industrial output and foreign trade, and there was evidence of a similar trend after the 1980-1982 crisis.

This process was stimulated by a number of factors, above all the slowdown in the growth of production in Japan and Western Europe. The growing cataclysms in the West European centre, which, in contrast to the two others, is itself split up into rival groupings and states, hampered the process of its consolidation and brought about a slowdown in the pace of integration activity. Britain's entry into the Common Market acted as a brake on the latter's advance not only to an economic and monetary union, but also to a political union. Meanwhile, the excessively high level of interest rates in the United States made it more difficult for Western Europe to escape from the 1980-1982 economic crisis.

It is quite natural, therefore, that with the world economic crises recurring more frequently, the struggle between the main imperialist centres and states became unprecedently stubborn

and severe. The fact is that with the prospect of overproduction each rival strives to minimise his losses, and that has sharply intensified conflicts between imperialist powers. US imperialism has mounted a financial offensive even against its closest allies. Perhaps never before in the past have interest rates had such a big part to play as an instrument of inter-imperialist rivalry. Over the past several years, the United States maintained its interest rates on a higher level than those of other countries; in just two years—1982 and 1983—foreign deposits in US banks went up by 75 per cent, and at the end of 1985 passed the \$400 billion mark.

Monetary policy has become a most important and organic component of the global strategy of US imperialism aimed to bolster its bridgeheads within the three-SMC-centre system, but the contradictory development of the world capitalist economy also results in more intense flare-ups of the trade war. The widely advertised “liberalisation” of external economic regimes has proved to be no more than camouflage for the mechanism of state-monopoly protectionism in old and new forms.

Summing up the processes under way in this traditional sphere of inter-imperialist contradictions, one will find that even today it is not a fight between free trade and protectionism, but a fight between rival imperialisms, monopolies, and groups of finance capital.¹

We find, therefore, that the realities of contemporary imperialism and the dialectics of its economic and political development are much more intricate and contradictory than one could have assumed merely in the light of the continued US leadership. The US-provoked bouts of tension are ultimately also an expression of the new forms in which the inter-imperialist contradictions are realised.

6. International Manifestations of the Basic Contradiction of Capitalism

The world market has become a sphere of the deepening of the basic contradiction of capitalism, that between the social nature of production and its international socialisation (internationalisation), on the one hand, and the private (including the transnational) mode of appropriation of its results, on the other. The dual outcome of the sharpening of this main antagonism of the capitalist system is expressed in the world economic arena as follows.

First, giant TNCs, whose corporate planning involves tens of millions of personnel and customers, now operate on the world market. That is, of course, the same old incomplete balanced development, but it lays claim to continental and even to inter-continental proportions. One bourgeois study claims that over the past half-century most of the leading US corporations found them-

¹ See V.I. Lenin, “Imperialism, the Highest Stage of Capitalism”, *Collected Works*, Vol. 22, p. 290.

selve prepared for planning, and over the past quarter-century, firms in Japan, Great Britain and the whole of Western Europe have also introduced multi-layered managerial structures and have developed the techniques of planning so as to make scale, organisation, complexity and planning the four interrelated characteristics of production.¹ The dialectics of the capitalist socialisation of production is such that while it enlarges the boundaries of corporate balanced development, it confronts this incomplete balanced development practised by the individual firms with the anarchy and haphazard development on the scale of capitalist production as a whole.

Second, and this is a fact of crucial significance today, planning giant corporations, as John Kenneth Galbraith calls them, not only have the possibility of going out onto the world market, but in a sense must do so. After all, private appropriation is realised only in the market place, and it is the vast international market that alone makes it possible to find out whether TNC corporate production plans have hit the mark: maximum profits.

The operation of spontaneous market forces is intensified and the basic contradiction of capitalism raised to a new level by the emergence of private economic operations not just on the external but on the truly world-wide market. However, bourgeois economists tend to see only one aspect of this process and seek to put the blame for the growing upheavals not on capitalist property, but on the international socialisation of production itself, on the trend towards the internationalisation of the productive forces. The US economist Lincoln Gordon claimed that among the sources of the instability of the international order were the growth of interdependence caused by the development of technology, means of transit and communications, and the intense expansion of international trade, finance, monetary remittances and cultural exchanges.² He was, in fact, voicing the bourgeoisie's constant fear of the productive forces' defying control.

Bourgeois ideologists have been equally alarmed by the growing divergence of objectives set by the national states and by their TNCs on the world market. Even when the most penetrating Western economists realise that these are no more than tactical divergences, and that the TNCs ultimately operate as an instrument of their "own" states, they are still fearful of the secret workings of international imperialist domination being exposed. James Ingram says that the growing might and scale of the TNCs has led to the wide-spread conviction that they are gaining the upper hand in their relations with the national states. He has good grounds for voicing the apprehension that the TNCs have issued a challenge to national sovereignty, riding roughshod over national borders and seeking to integrate with the world economy, cosmopolitan

¹ *The World Economy in the Twentieth Century*, by Edwin J. Perkins, Schenkman Publishing Comp. Inc., Cambridge, Massachusetts, 1983, pp. 105-106.

² See Lincoln Gordon, *Growth Policies and the International Order*, McGraw-Hill Book Comp., New York, San Francisco, 1979, p. 143.

status being the main advantage for all the TNCs, since it is a convenient fig leaf for imperialism: TNCs are in practice an undeniable instrument of the national state.¹ International developments since the origination, formation and establishment of the TNCs have all borne out the fears about their inevitable conversion into an instrument of the most chauvinistic circles of imperialism. As was stressed in the Political Report of the CPSU Central Committee to the 27th Party Congress, "the US transnational supermonopolies are, as a rule, active conductors of state hegemonism and the imperial ambitions of the country's ruling circles".²

The fundamental shifts in the content of the capitalist *international division of labour* have been brought out in bold relief over the past half-century. Before that, this system was taken to mean the spontaneous allocation of production between the countries, their commodity specialisation, which is in fact a particular case of the social division of labour impelling a search for customers and supplies on the world markets. Nowadays, the international division of labour ever more frequently turns out to be a cover for intra-corporate and essentially non-market allocation of resources.

The boundaries and the very concept of the *world market* have been modified by the sway of a handful of TNCs. For practical enterprise, world market once used to mean a special sphere for realising a part of the aggregate social product determined by the depth to which the commodity producers of one country had penetrated into the economy of other countries. Today, the network of ties between the internal and external markets has become very much denser. As far as the TNC head offices are concerned, markets are not divided into national and foreign, one's own and alien. That being so, Japanese firms sell on the US domestic market more automobiles than do all the Ford plants. Japanese car-makers have concluded an agreement with FRG companies on a division of the markets of Japan, Western Europe and the United States.³

TNC domination of the world market is expressed not only in the fact that they control a sizable share of the capitalist foreign trade, but also in the nature of that trade and in the mechanism behind the formation of world commodity prices. International trade deals are frequently nothing else but TNC intrafirm transfers, and it is only natural that the prices involved in this specific foreign trade are merely a cover for intra-corporate settlements. Over the past quarter-century, there have been several "price war" flare-ups between TNC head offices and subsidiaries, all, as a rule, ending in a victory for the former. However, the riot relapses among the subsidiaries demanding settlements on the basis of world market prices show that the latter are ultimately beyond the control of so-called monopoly planning.

¹ See James Ingram, *International Economics*, Wiley, New York, 1983, p. 415.

² Mikhail Gorbachev, *Political Report...*, p. 21.

³ See A.I. Shapiro, *Contemporary Problems and Prospects of the World Capitalist Economy*, Nauka Publishers, 1984, p. 119 (in Russian).

The wave of a new international division of labour prepared by the accumulation of capital in the international arena in the 1960s and 1970s testifies to the prevalence of the world market's haphazard forces over TNC corporate planning. Bourgeois economists started talking about changes in the division-of-labour system between the industrialised capitalist countries and the LDCs in view of the siting of some large industrial enterprises in these countries and some growth in the export of their manufacturing products to Western markets.

New enclaves of industry, especially in the form of assembly enterprises, have developed in a number of LDCs (in Latin America, Southeast Asia, and so on), which emerged partly from TNC operations and partly from the accumulation of local capital. With the growth of exports from the LDCs to Western markets, developed capitalist countries have taken steps to reduce such imports, and since the early 1970s, such chain-reaction of new protectionism in the West has been a pronounced manifestation of the basic contradiction of the capitalist system in its international economic relations.

In contrast to the old protectionism in the form of tariff systems, the new protectionism involves the use of non-tariff instruments, such as "aid" to industry and "protection" from the growth of unemployment. Thus, employment has been subsidised in the FRG, and in France the state undertook to fund 5-10 per cent of the costs in the steel, automobile, watch, and pulp-and-paper industries. This more vigorous state support of private companies is also having a direct effect on the competitiveness of the latter and tends to increase state-monopoly regulation of the economy as a whole. This is the kind of substitution of the state for the monopolies and vice versa that is being practised under the SMC system, and the new protectionism of the 1970s and the 1980s is merely an expression of the incapacity of private business to cope with the sharpening economic and social contradictions of capitalism on an international scale.

The ineffectiveness of any regulation of the world capitalist economy is also ever more visually evident on the other side of the system, that is, on the side of the state, and this was most manifest in the collective measures of inter-state-monopoly regulation of the processes of West European integration. So long as the problem was to unify the instruments of external economic policy of the six EEC countries in the 1950s and 1960s, which involved the abolition of quotas and tariffs in their trade with each other, the process of integration ran a fairly rapid course, as an expression of the EEC monopolies' impatience for a redistribution of markets, manpower resources and spheres of capital investment.

But when it came to the second stage of integration measures in the EEC in the 1970s, that is, to inter-state coordination and regulation of internal economic life within each of the Common Market member-countries, the process clearly came to a standstill, and that for a very good reason. The architects of Little Europe were, after all, faced with problems like the agreed adoption of a

common industrial policy, a switch to a common scheme of taxation on enterprises, remodelling of corporations into European joint-stock companies, and so on. Such supranational measures went to the root of the reserves of accumulation and the commercial secrets of monopoly rivals. Besides, the ever more frequent crises and the spurt of inflation required of each participant in the integration process domestic measures to overcome the difficulties.

The dialectics of capitalist inter-state integration is such that, as the EEC draws in new members from among its erstwhile rivals, it narrows down the field of its monopoly advantages or, to be more precise, has to share them out among a growing number of participants.

Crises of international credit, settlement and monetary relations have become a peculiar form in which the antagonism in the capitalist world's economic relations is manifested. The chronic monetary and financial crisis in contemporary capitalism is rooted in the gradual build-up of contradictions under the Bretton Woods system of international settlements. It was a rickety edifice, although it did function for a quarter-century. It was based on the gold parity of the paper money unit of one country, the US dollar, used as world money. As the dollar was subjected to inflationary pressure and the influence of the growing US balance-of-payments deficit, it uncontrollably lost its purchasing power both on the domestic and on the external markets. Its double devaluation (December 1971 and March 1973) was clearly overdue. Earlier on (in August 1971), the dollar's convertibility into gold for foreign governments and central banks was suspended. Floating exchange rates were introduced in 1973, with the US dollar soon joining in.

Sharp fluctuations in the foreign-currency exchange rates in the first half of the 1980s, and especially the steady rise in the dollar's exchange rate, further aggravated the contradictions between the leading capitalist countries.

The capitalist internationalisation of production, which is connected with the export of capital, has always led to a growing international debt. Investors can insist on their long-term assets being transferred to other countries, which is why the size of these assets is an indicator of the long-term debt between countries, while the size of direct investments abroad is evidence of their investors' control over the economy of the capital-importing country.

The growth of short-term debt—foreign investments in banks and securities—appears to be more innocuous, but it is, oddly enough, the inflation of such external indebtedness that tends to convert even major creditor countries into debtor countries. Experts have estimated that in mid-1985 the United States crossed this line to become a net debtor on the overall balance of its foreign assets and liabilities.

Meanwhile, the ballooning external debt of the LDCs over the past decade has ceased to be a prospect and has become a nightmarish reality. The LDCs' debt servicing absorbs over two-thirds of their export earnings, so that any new borrowings they may

manage to contract are, for all practical purposes, used to pay off earlier debts. Dozens of countries are on the brink of bankruptcy.

There have been repeated calls for a deeper reform of the non-socialist world's credit and financial relations, and these matters were the subject of sharp debates in 1984 and 1985 at sessions of the IBRD, IMF, UNCTAD, GATT, and also an international round-table in Delhi sponsored by the non-aligned movement, all of which drove home the fact that the urges of the international usurers, on the one hand, and the interests of the debtors, on the other, were incompatible.

The yawning gulf between the positions of a handful of industrialised imperialist powers and those of the newly-free states is a major manifestation of the capitalist society's basic antagonism in world economic relations (for details see Chapter Eight), and it is being further widened by the capitalist world's uneven economic and political development.

"In the early 1980s, the per capita income in the newly free countries was, on the whole, less than 10 per cent that of the developed capitalist states. And in the past thirty years, far from shrinking, the gap has grown wider. Nor is it a question of just comparative poverty. There is illiteracy and ignorance, chronic undernourishment and hunger, appalling child mortality, and epidemics that afflict hundreds of millions of people."¹ These problems have brought about contradictions of global dimensions, which can only be resolved on the basis of constructive interaction and cooperation of the states and peoples on the scale of the whole world and new socio-economic forms for the preservation of mankind.

These contradictions have not been made less antagonistic by the necessarily covert attempts of imperialism to recarve the spheres of influence, but invincible anti-war forces of existing socialism, led by the Soviet Union, the bulwark of the people's independence, have taken shape outside the capitalist system. This was well formulated by Fidel Castro, when he said: "But for the Soviet Union, the capitalist powers would not have hesitated to recarve the world in view of the shortage of raw material resources and the energy crisis. But for the Soviet Union, the independence now enjoyed by the smaller states, the people's successful struggle for restoring control over their natural resources, or the impressive ring of their voice in the concert of nations could have hardly been imagined."²

That has been fully borne out by subsequent developments. There is a steady growth in the influence exerted by the Soviet Union and the world socialist system on the world economy and on the relations between the imperialist powers and the less developed countries.

¹ Mikhail Gorbachev, *Political Report...*, pp. 19-20.

² *25th Congress of the Communist Party of the Soviet Union, February 24—March 5, 1976*, Verbatim Report, Vol. I, Moscow, 1976, p. 194 (in Russian).

8

THE THIRD WORLD: POVERTY AND PROGRESS

1. The Web of Dependence

North America, Western Europe and Japan are only a part of capitalism, and it is not right to pass judgement on the whole system merely on the strength of its high-rising centre. One has to go beyond it to the outskirts. Indeed, capitalism also includes Asia, Africa and Latin America, dozens of countries which had once been colonies and semi-colonies of imperialism. These are the less developed countries which are a part of the world capitalist economy, although they have a peculiar position within it.

Those who like to advertise the advantages and successes of capitalism shame-facedly say nothing about the fact that one has to add to this social system the dozens of backward and impoverished countries. But if capitalism is to attract by its abundance, to boggle the mind by its dynamism, technical achievements and national income per head, one has to pretend that the hundreds of millions of men and women starving on "three tropical continents" are no part of capitalism.

The Third World is the seamy side of capitalism, and so it is never included in the glossy advertisements, on the claim that it is not capitalism at all or that it is not a fit yardstick for taking the measure of capitalism.

But the fact is that capitalism is responsible for the plight of the LDCs, both as the erstwhile system of colonial oppression and as the force which continues to exploit the backward peoples to this very day. That is a historical responsibility it cannot hope to escape.

For hundreds of millions of people in the world, income per head still averages at under \$80 a year, the price of a pair of ladies' shoes in New York. "This is a disgrace for civilised humanity! And its culprit is imperialism."¹

More than 800 million people, or roughly 40 per cent of the population, live in absolute poverty, deprived of the bare necessi-

¹ Mikhail Gorbachev, *Political Report...*, p. 20.

ties, and their number could well increase to 1.2 billion by the year 2000; 50 million people, including 15 million children, starved to death in the Third World in 1980. According to the United Nations, 700-800 million adults in Asia, Africa and Latin America are totally illiterate, and 1.5 billion are deprived of medical care.¹

The number of unemployed and underemployed totals 400 to 500 million people (one-third to one-half of the labour force). Meanwhile, there is extensive use of cheap child labour: over 38 million children are at work in Asia. There is a steady worsening of the food supply: population growth in many countries tends to exceed the increase in food output. The LDCs have been rapidly increasing their cereal imports: from 30 million tons a year in the early 1970s, these went up to 80 million tons in 1978, and on the strength of this record could well go up to 135 million tons by 1990 and to 226 million by 2000, at a staggering cost of \$37 billion.² That kind of money will simply not be available to most of these countries (and it is the poorest countries, without any oil to export, that are most badly in need of cereal imports).

The following figures indicate the scale of the economic backwardness of the former colonies and semi-colonies: the LDCs account for 25.6 per cent of the world's extraction of ore, but only for 4.1 per cent of the metal output; for 31.2 per cent of the extraction of oil and natural gas, but only 7.5 per cent of the industrially important chemical and petrochemical products; for 8 per cent of the world's timber, but only 0.1 per cent of the wood-working machines; for 6.9 per cent of the world's manufacture of farm machinery (of which 40 per cent are ploughs); 6.6 per cent of the looms, and 8 per cent of the electric motors.³ The LDCs' share of R&D outlays in the non-socialist world comes to just over 4 per cent.⁴ Indeed, "gap" is the term now internationally used to denote the widening distance between the rich and the poor countries in the capitalist world, which are poles apart, and there are a great many gap indicators to illustrate the scale and parameters of the Third World's backwardness. Here are some of the most telling ones (see the table).

In addition to the yawning gap between the industrialised capitalist countries and the LDCs, there is also differentiation in the less developed world itself. In 1984, 63.2 per cent of the LDCs' aggregate manufactured exports came from only five countries—Brazil, Mexico, Argentina, India and South Korea, and with the addition of Singapore, Hong Kong and Taiwan, the figure goes up to 73 per cent, which shows the uneven development of the former colonies. LDCs with 15 per cent of the total LDC population account for 53 per cent of the gross product, and those with 59 per cent of the population, for only 17 per cent. For the whole group of LDCs the

¹ *World Marxist Review*, No. 2, February 1982, pp. 118, 119.

² See Fidel Castro, *The World Economic and Social Crisis*, Publishing Office of the Council of State, Havana, 1983, pp. 13, 119.

³ *Ibid.*, pp. 123.

⁴ See *U.N. Industry 2000—New Perspectives*, New York, 1979, p. 181.

*Per-Head Gap Between the Average Developed Capitalist and
Less Developed Countries*

	(LDCs=1)*				
	1950	1960	1970	1980	1985
GDP (current prices at official exchange rates)	9.6	10.1	10.8	9.9	11.3
Industry	15.3	12.3	10.8	10.7	11.9
including manufacturing	23.3	20.8	20.5	17.8	17.0
Agriculture	2.4	2.3	2.3	2.4	2.8
Personal consumption	9.4	9.6	11.0	11.9	12.5
Current state consumption	22.5	20.4	18.5	16.5	14.5
Gross investments	14.8	14.2	15.2	9.8	10.5
Energy consumption (in terms of equivalent fuel)	27.1	18.2	18.1	15.1	15.5

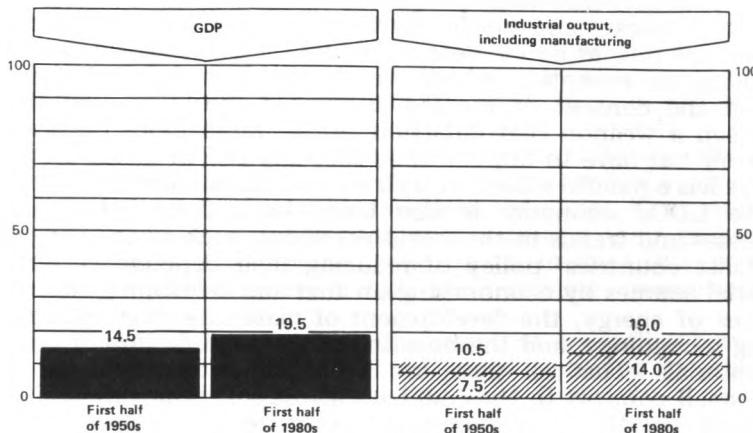
* 1980 prices and exchange rates.

Sources: *U.N. Yearbook of National Accounts Statistics, 1981*, Vol. 2, New York, 1983; *U.N. Yearbook of Energy Statistics*, New York, 1983; *U.N. Monthly Bulletin of Statistics*, New York, July 1986.

GNP in 1981-85 increased by 1.4 per cent, and for those in South-east Asia—by 3.6 per cent. These figures show how easy it is to make the mistake of regarding the LDCs as an undifferentiated group, for the differentiation has now reached a point at which it no longer makes sense to analyse a whole range of their problems in a summarised form. On a great many key indicators, economic ones in the first place, the difference has become so great that it is high time to ask whether there is anything like a Third World at all, and whether it is right to apply the term “LDCs” to the countries of Asia, Africa and Latin America as a whole.

Indeed, what comparison is there between India and Chad? Or Brazil and Uganda? Or Indonesia and Uruguay? The list of such alternatives is a very long one, since there are almost 130 countries in the world now designated as “less developed”. The differences between them in economic level, degree of social and political development, and standards of culture and civilisation are tremendous. Still, despite the existing differences of interest and even obvious contradictions between them, there is one touch of something that enables all these countries to act in a common front in world economics (Group of 77, which will be considered below) and in international politics (the non-aligned movement). That “something” is, of course, the fact that at one time they were all either colonies or semi-colonies of imperialism, which gives them what could be called a common historical destiny. But there is more to it than that. What is even more important than their memories of oppression in the colonial period is the awareness of their actual common interests: after all, all the LDCs, regardless of their present development level, have a sense, however varied, of being inferior to the industrialised capitalist world and an

LDCs' SHARE OF NON-SOCIALIST
WORLD'S GDP AND INDUSTRIAL OUTPUT (per cent)



awareness of their weakness, vulnerability and dependence on the rich centres of capitalism.

"The domination of finance capital and of capital in general is not to be abolished by *any* reforms in the sphere of political democracy; and self-determination belongs wholly and exclusively to this sphere."¹ In the light of the present condition of the bulk of the LDCs, this means that they remain an object of exploitation by international monopoly capital as a part of the world capitalist economic system. Neocolonialism has taken over from colonialism, the system of inequitable international economic relations has been modernised and modified, but the "centre" and the "periphery" are still there.

No one should be misled by the "neo" in neocolonialism, because the new relations between the "centre" and "periphery" are still essentially marked by inequality (actual, instead of juridical) and exploitation (covert, instead of overt), although the glaring plunder of the economically weak and backward countries no longer leaps to the eye.

The LDCs' external debt has already passed the \$800 billion mark, and the banks are less and less eager to lend to them. One journal says: "Not only is the total level of new loans falling but an ever larger proportion of new borrowings is being used to repay earlier loans and meet interest charges. This means that the net flow of money to the Third World has fallen much more sharply than the gross flow."²

The colonialist-imposed one-crop and one-commodity special-

¹ V.I. Lenin, "The Socialist Revolution and the Right of Nations to Self-Determination", *Collected Works*, Vol. 22, p. 145.

² *South. The Third World Magazine*, London, January 1983, p. 65.

isation has produced a situation in which economic life in a great many countries and their peoples' welfare depend on the state of the world market and the fluctuation of prices, which, as everyone knows, are not, as a rule, determined by the Third World countries, oil being an exception which will hardly ever become the rule. But in the context of the less developed world as a whole, oil has been a weapon that cuts both ways: most LDCs do not produce oil but have to import it, so that any rise in world oil prices always has a painful effect on their balance of payments.

The LDCs' economy is also being harmed by other current processes and trends in the world economy, such as the developed capitalist countries' policy of reducing their dependence on raw-material sources by economising on fuel and developing alternative sources of energy, the development of material-saving and energy-saving technology, and the boosting of the manufacture of synthetic materials. That all these are a natural outcome of the STR is of small comfort to the countries whose sole hope lies in improving their condition by increasing raw-material exports. But with falling demands and plummeting prices, where are they to take the funds to develop an industry that will enable them to escape from the vicious circle?

The LDCs' condition is also being worsened by two other important factors. The first is that their domestic market for manufactured goods is very narrow in view of the inadequacy of effective demand. The crucial fact about consumer goods is that the bulk of the population lives in poverty and cannot even afford to buy many of the prime necessities; the demand for machinery and equipment is frequently inadequate because of the weakness of the economy as a whole. Many modern enterprises operate at less than full capacity, their products are not in great demand at home and cannot stand the competition with products made in developed capitalist countries on the external markets.

The second factor is that modern-type industrial development on the basis of STR achievements fails to solve the problem of employment and does not appreciably reduce the unemployment, a problem discussed below. Let us merely note at this point that the dire plight of the LDCs' fledgling economy has been largely caused by all these factors taken together: the foreign monopolies' self-seeking policies, their brazen extraction of funds from the LDCs, and the objective results of scientific and technical progress.

The monopolies' strategy is designed to turn the LDCs (not all of them, of course, but only those which are suitable for objective reasons) into industrial and raw-material appendages of the capitalist states, into "intermediate-product shops" for world capitalist production, within whose framework the "centre" retains control of the key high-technology units of the whole production mechanism. Once the imperialist monopolies, the TNCs in the first place, have intruded in that way into the exploited countries' economic fabric, they expect these countries to be organically meshed with the new system of the capitalist international division of labour

(which may appear to be new, but which is fundamentally just as inequitable as the old one), and to clamp on them the fetters of a new technological dependence.

Let us emphasise that the TNCs have become the strike force of neocolonialism and the main instrument in exploiting the LDCs. The TNCs' expansion has become the main form in which entrepreneurial capital is being exported to these countries (up to 90 per cent of direct private investments). By setting up enterprises for the manufacture of goods for export, the TNCs effectively established control of the most modern industries. They dispersed the production of various components among their enterprises, some of which are "at home", and others in the LDCs, in which not a single subsidiary has a full, i.e., complete, production and technological cycle.

One Soviet study says: "In the event of a conflict between a national state and a TNC, the latter stops supplying its subsidiary with the necessary components and it is forced to shut down. That is what can happen to a subsidiary if, for any reason whatsoever, the monopoly should consider its operation unprofitable or if a rival deprives it of a marketing outlet. The LDCs remain effectively tied to the TNCs even when the latter build an enterprise and hand it over to the national state in accordance with the terms of the contract. After all, the spare parts, the repairs and the modernisation of the enterprise continue to be a monopoly of the overseas concern. That is how the new, technological type of neocolonialism is being practised."¹

The TNCs abuse the patents registered in their name in the LDCs. Up to 85 per cent of the effective patent funds belongs to foreigners in any LDC that does not have anything like developed national science facilities. Of this 85 per cent, only 5-10 per cent of the patents, at best, is used in local production, while the rest is used either to ensure the sale of TNC-imported goods or to suppress competition from local industry.

In the new conditions, the "centre" frequently encourages industrialisation, but along the lines which it finds suitable. Indeed, it could happen that the more industrialised a country which has surmounted its backwardness, the more dependent will it find itself from the developed capitalist countries. At any rate, that is the objective purpose of imperialist policy. Whether its goals can be achieved is another matter.

2. Does Capitalism Grow from Inside?

There can be no two opinions about the fact that capitalism has been growing, with the impetus coming not only from outside but also from inside. It has also been developing on the local soil, so that in many countries of Asia and Africa we find a mix of elements

¹ *The East: the 1980s (The Newly Liberated Countries in the Modern World)*, Moscow, 1983, pp. 38-39 (in Russian).

of all the modes of production. This is a conglomerate of the most diverse social relations, with the capitalist sector of the economy only one of many, and often not the most important one either.

Commodity production in the exploitative society naturally generates capitalist relations in our epoch. Capitalism has already developed in the entrails of the colonial society, although it was mainly represented by foreign enterprise and was largely an alien body. But it had already done its job, having given the crucial and irreversible impetus to the development of commodity production and the involvement of the lagging countries in the world economy. The only question was who would exercise control over the inevitable process of capitalist development: at that time, there was as yet no possibility of escaping from the sphere of capitalism, for the world socialist system was yet to be established. The choice of way was a problem that arose later.

Choice of way is a very tentative term. For the countries it exploited, colonialism made its own "choice" of economic and social model, without asking the consent of their peoples. This model is capitalism which originated in the colonial period and was left as a kind of legacy to the newly-free national states. The spontaneous development of economic and social relations first shaped by colonialism is capitalist development and a continuation of processes started earlier on.

To what extent are the privileged strata of the newly liberated countries adequate representatives and vehicles of capitalist relations? Do they command leadership in the society?

Private capital in a backward country and in the epoch of the STR is, as a rule, incapable of acting as the locomotive of economic growth, of organising the break-up of the colonial economic structure, or of carrying out industrialisation. It has been estimated that since the mid-19th century, the amount of original capital required to set up a Group A enterprise has multiplied 425-fold; it now takes an average of 2,000 times more of initial investments to set up a steel mill than it did during the industrialisation of Britain and France.

The bourgeoisie in most Asian and African countries has no experience of industrial enterprise, for their rich men have always put their money into land and real estate, or, now and again, into commerce. It was impossible to compete with foreign capital in industry in the colonial period, and after the attainment of independence the new obstacles included, first, the STR with the unprecedentedly high cost of initial investment, and second, political instability. After all, any investment of capital is fraught with risk, and very few people are inclined to invest their money in industrial enterprises, especially when it comes to heavy industry, in a situation in which the returns on investment are a long time coming, while no one knows what will happen in the country tomorrow.

One French scholar says: "There are no longer any entrepreneurs in the Third World in the true sense of the term. And if they are there, it is merely to service or imitate the industrial

enterprises of the North, or to act in the tertiary sector, i.e., in commerce or finance. The tropical or semi-tropical world does not, on the whole, contain the elements that are the basis of industrial growth, such as the Western world has known over the past century.¹

That is an exaggeration, but on the whole the bourgeois and bourgeois-bureaucratic forces in most African and Asian countries are incapable of building capitalism on their own through the unhampered growth of private enterprise and the free play of market forces. The state power, acting as the protector of the private sector, creates favourable and sometimes artificial "hot house" conditions for private enterprise, which could wither without its vigorous support.

In the LDCs taking the capitalist way, even where the bourgeoisie as such is scarcely represented on its bureaucratic agencies or not at all, the state creates, as a matter of principle, the conditions for the assertion of capitalism as a system. It is an incontrovertible fact that capitalism in the Third World has been developing with a very much greater—not to say crucial—role of the state, as compared with the role it had under the "classical" scenario.

However unusual and even in the form of a caricature, it is still capitalism, with commodities taken to market in the drive for profit and the urge for enrichment, which businessmen in the East do not shun either. In contempt of tradition, religion and ancient moral and ethical norms, the newly-fledged businessmen engage in enterprise, putting their capital where it is most certain to yield a profit. New companies and firms keep emerging under the wing of the state, and entrepreneur finds himself in the grip of the wild spirit of money-grubbing and running hard to keep up with the local Rockefellers. Capitalism is spontaneously spawned by small-scale production and market relations. Leaving it to the state to handle sectors of the economy like heavy industry and the infrastructure, the local, national bourgeoisie hustles ever more actively in commerce, building and the services. There is a spread of the hustling, speculative spirit, as a "quasi-consumer society" is developed on the Western bourgeois model. It is "quasi" because it is a "consumer society" for a tiny elite that has hit the jackpot and has landed in the *dolce vita*, the sweet life.

Which way does this capitalism lead? Here and there it already has enough experience, and it is not as young everywhere as it is, say, in Tropical Africa. Latin America provides some instructive examples of what dependent capitalist development has in store.

3. *The Latin American Model*

The vast subcontinent is not all of a piece by any means: Brazil or Mexico are well in advance of Ecuador or Paraguay. But what

¹ Maurice Guernier, *Tiersmonde: trois quarts du monde*, Dunod, Paris, 1980, pp. 26, 27.

they all have in common is that for over a century and a half the Latin American states have had formal political independence, but have yet to win their full economic independence.

Latin America today, of course, differs greatly from what it was in the old days, for the winds of change in the second half of the 20th century have done much to change the face of the sub-continent. Most countries have nationalised the extraction of mineral raw materials and fuel, and have been rapidly developing their manufacturing industry. Within the lifetime of a single generation, the most developed countries of the subcontinent, once agrarian and raw-material, have developed into industrial and raw-material countries, and many specialists already designate some of them, such as Mexico, Brazil, Venezuela and Argentina, as capitalist countries of medium development.

But this undoubted progress and this impressive industrial growth also have their other side: in 1973, the Latin American states had an external debt of just over \$40 billion, but by 1983 it had soared to \$340 billion.¹ Mexico, which appeared to be confidently riding on the crest of an "oil boom", alone owes more than \$80 billion. Brazil, Latin America's giant, has a record balance-of-payments deficit. These are grave symptoms of a troubled economy, and they are rooted not only in the economic crisis of the capitalist world which broke out in 1980-1982.

Latin American capitalism, with its extremely fragile economic structure, is vulnerable to TNC intrusion because it is a late comer on the scene: the Latin American countries were drawn into the world capitalist economy in the early 20th century and at once felt their dependence on the fluctuating prices for their mineral or agricultural exports. The policy of import-substitution industrialisation—the production of goods to substitute for the traditional imports—was first adopted in the 1930s and then more vigorously in the 1940s and 1950s, as providing a way out, it being assumed that this could help to protect the economy from the damaging effects of the declining export prices and, as a consequence, the shortage of funds for the import of manufactures. But these hopes were not realised.

International finance capital swamped the Latin American economies after having breached them with the battering-ram of trans-national expansion, above all into the most modern industries: metallurgy and metal-working, transport engineering, chemicals and petrochemistry, synthetic materials, and household electric and electronic appliances.

The technological dependence of Latin American national enterprise on the TNCs is exceptionally high. Thus, there are almost 4,000 medium and small enterprises specialising in the manufacture of parts and components acting as sub-contractors for the subsidiary of the West German Volkswagen in Brazil.

There is nothing simple about the relations between the three main participants in the process of capitalist development in Latin

¹ *World Marxist Review*, No. 11, 1983, p. 76.

America: the state, private national enterprise, and the TNCs. It may, on the whole, be true that the state increasingly favours big national business, while the latter, for its part, is being tied ever more securely to the TNCs, but a symbiosis, a coexistence acceptable to all has yet to take shape, for there are serious, even if diverse, contradictions between them.

The United States made an attempt to base its domination on the military juntas, but recent developments showed that such an approach did not help to surmount the structural crisis of the Latin American countries. First, it turned out that the military were not such complaisant partners as imperialism had expected them to be, and ran into confrontation with the forces of imperialism in many cases. Second, and much more importantly, the military dictatorships proved to be incapable of solving the basic economic and social problems, and their hamfisted and repressive policies led to growing indignation among the broadest strata of the population, including the bourgeoisie, for, once the left-wing forces had been weakened by the attacks of the military, the bourgeoisie began to chafe under their arbitrariness, despotism and inability to find the right economic line. The erosion of the military regimes in the region became widespread: there was a fundamental change of the political situation in Brazil, with important steps towards the establishment of a system of representative government; the military regime in Argentina came to an inglorious end; and the militaristic clique has been overthrown in Bolivia. There is little doubt that the days of Pinochet's bloody fascist dictatorship in Chile are numbered.

Capitalism in the region has manifestly shown itself to be incapable of assuring the peoples of welfare and social justice, and for all the advances in industrial development, masses of working people continue to live in dire straits. The Brazilian economist Celso Furtado wrote: "During the 1960s, income per head in Brazil went up by a third, but all the benefits went to only one person in five, while the earnings of the rich minority (5 per cent of the population) grew 3 times as fast as the average."¹ Nine years later he described the situation in Brazil as follows: "Only speculation is prospering... Millions of people are joining the army of under-employed."² The well-known Argentinian economist Raul Prebisch says: "Much of the fruits of development has gone to promote the privileged consumption society closely geared to transnational corporations. Therefore, they have wasted a great potential... The tendency to exclude large masses of the population is the main manifestation of the social inequity of the system."³

The poverty and want of the vast masses of the population, the shocking inequality of income distribution, and the crying social injustice, all these are now an organic part of Latin American capitalism, the capitalism of the most advanced and developed regions

¹ *L'Unità*, July 6, 1974.

² *South. The Third World Magazine*, London, December 1983, p. 35.

³ *Ibid.*, September 1983, p. 67.

of the Third World, the capitalism which can take pride in the most modern plants and luxury villas of the local millionaires. Many say that Latin America shows the future for Asia and Africa—an impressive prospect, no doubt about it! But will the peoples of the two other Third World continents succumb to the temptation?

4. The Oil Tycoons

Saudi Arabia is a "Cadillac Kingdom". Its desert wastes with their camel caravan routes are crisscrossed with oil pipelines. It is a state which was created with fire and sword by Ibn Saud, the father of the present king, a hardy warrior and the leader of the Wahhabites, zealous guardians of the purity of Islam. Before the discovery of oil, there was not much modernity about the kingdom, where the king's personal coffers served in lieu of the state budget, where slavery flourished and people were publicly beheaded in the square.

Oil made all the difference. The royal purser, who once used to carry gold coins in a leather purse at his belt, began to dispose of fantastic amounts of money. Every prince, every influential sheikh must now have a sumptuous palace and the latest make of US limousine. Streets in the towns of that desert country are thronged with Cadillacs, each costing tens of thousands of dollars. It was said that the sheikhs used to change their cars as soon as the ashtrays were full, and the joke was not too far from the truth.

But all of these are, of course, trifles against the background of the great changes which oil has brought to the world economy, and the unprecedented shock the mid-1970s oil crisis inflicted on the whole capitalist world.

Saudi Arabia leads the capitalist world in oil reserves, with more than 25 per cent, as compared with about 6 per cent for the United States. Its proved oil reserves are estimated at over 23 billion tons. It is followed by Kuwait (12.4 billion), Iraq (9.3 billion), Iran (7.5 billion), and the United Arab Emirates (over 5 billion).¹ Libya, Venezuela, Nigeria and Indonesia are among the Third World countries with large oil deposits.

Oil prices were sharply raised in 1973 and 1974 by members of the Organisation of Petroleum Exporting Countries (set up in 1960 and known as OPEC), so that they became recipients of billions upon billions of dollars, known as petrodollars. Thereupon, the OPEC countries began to invest these dollars abroad, in the developed capitalist countries. In 1974, Saudi Arabia's assets abroad came to \$5.7 billion, and 7 years later—\$100 billion; in 1980, its earnings on petrodollars reached \$10 billion; Kuwait was not far behind, with earnings on investments abroad that year

¹ See *The Middle East and the United States; Perceptions and Policies*, Brunswick and London, 1980, p. 83; *Asia and Africa Today*, No. 1, 1984, p. 23.

reaching \$6 billion.¹ From 1974 to 1980, the OPEC countries invested something like \$350 billion of their petrodollars surpluses in other countries.

The bulk of the OPEC countries' foreign-exchange reserves are in the form of bank deposits and short-term government bonds abroad. In the mid-1970s, some experts in the West began to sound the alarm when billions upon billions of dollars began to accumulate on OPEC current accounts. Solid journals began to calculate when the "oil sheikhs" would buy up all the major companies and firms in the Western world. However, things took a different turn—and in favour of imperialism. The recycling of petrodollars was a process in which a large part of the vast financial funds obtained by the oil-exporting countries from the sale of their natural resources was returned to the West to be comfortably deposited in the banks of Wall Street and the City. The sheikhs preferred to make bank deposits and buy short-term securities, instead of taking over Western corporate stock. The result has been the emergence of new and dependent-type financial centres exporting capital, primarily to the developed capitalist countries, an altogether new phenomenon in the world economy. There came on the scene a new group of the international financial bourgeoisie, whose feudal origins are not of crucial importance. Ali I. Naimi became the first Arab president of an oil monopoly ARAMCO in January 1984, whose 1982 personnel-training budget was larger than the annual budget of UNESCO, one of the largest specialised organisations of the United Nations; of ARAMCO's 60,000 employees, almost 34,000 are Saudi Arabians, of whom 55 per cent make up the administrative staff.

A new centre of capitalism has, therefore, emerged in the Persian Gulf area. What are the prospects for its development and its influence on the less developed world as a whole? Let us note, first of all, that there has been a drastic change in the outlook on the world oil market. The "oil boom" has ended, OPEC's oil output has been cut back by nearly 40 per cent, prices have begun to decline, and OPEC earnings dropped from \$272 billion in 1980 to \$135 billion in 1985. For the first time in OPEC's history, its countries' balances-of-payments moved into the red, while their aggregate external debt surpassed the \$100 billion mark. That may not be so terrible for an oil giant like Saudi Arabia, but the worsening situation plunged Nigeria into debt as early as in 1978, causing serious economic troubles and acting as one of the factors behind the collapse of the civilian regime in 1983.

Oil deposits are not unlimited, and oil earnings are not everlasting. Algeria's one-time ambassador to the United Nations said that if the oil-extracting countries sow oil but fail to reap a crop in the form of economic development, they will be faced with perhaps three decades of a pathetic existence.²

¹ See *International Herald Tribune*, January 9, 1981, March 14-15, 1981.

² Jean-Jacques Servan Schreiber, *Le Défi mondial*, Fayard, Paris, 1980, p. 147.

Like all miracles generally, the "oil miracle" must necessarily be short-lived. The mirage disappears, the morning-after feeling takes over, and it turns out that those of the oil-boom countries that have moderate oil reserves and a large population (Mexico, Nigeria, Algeria and Indonesia) did not, after all, manage in the short period to get rich and surmount the difficulties inherited from the colonial past. They got a lot out of oil, but on the whole their problems are possibly even more formidable today than they were yesterday.

What then remains? Who makes up the "oil elite of the Third World"? These are Saudi Arabia, Kuwait, the United Arab Emirates and Qatar, whose population totals roughly 12 million, a drop in the ocean compared to the hundreds of millions in the less developed world as a whole. These sparsely populated states have the world's highest income per head: in the United Arab Emirates it is about \$23,000 a year; in Qatar—over \$21,000; in Kuwait—\$17,000, and in Saudi Arabia—over \$12,000. Their living standards are the envy of the others, magnificently equipped schools and hospitals, free medical care and education, including higher education, patients requiring specialist treatment are sent abroad at the expense of the state. But that is the lot of only a few million people, while hundreds of millions in Asia, Africa and Latin America live from hand to mouth, in poverty, which is thrown into still bolder relief against the background of the affluence in a handful of countries on the Arabian Peninsula fabulously endowed by Nature.

5. The Realm of Hunger and Poverty

"Least developed countries" is an official term in UN statistics used to designate countries with a GDP per head under \$125, manufacturing under 10 per cent of the GDP, and literacy not over 20 per cent. There are altogether more than 30 such countries, two-thirds of them in Africa. How do people live in the "least developed countries"? Here are a few figures on Bangladesh, one of the larger countries in this group:

- annual population increase—2.08 per cent;
- unemployment—33 per cent of the economically active population;
- people existing below the poverty line—85 per cent of the population;
- adult illiteracy—75 per cent;
- average calorie intake per day—1,926 (in the United States—3,570).¹

What about Tropical Africa? "The World Bank predicts Africa's annual GNP growth rate for the 1980s will be between minus 1.0 and 0.1 per cent; per capita income is expected to fall by 2

¹ *Le Monde*, May 17, 1983.

per cent or more a year."¹

In the late 1970s, these were the figures for the number of inhabitants per physician: in Burundi—50,000, Burkina Faso (Upper Volta)—55,000; Malawi—42,000; Mali—38,000; Niger—74,000; Chad—70,000; and Rwanda—138,000.

The percentage of the population having access to normal drinking water: Burkina Faso—10, Mali—9, Central African Republic—16, Niger—27, and Rwanda—35 per cent.

The daily intake of calories as a percentage of what the human system requires: Burkina Faso—79, Malawi—90, Niger—91, Sierra Leone—93, Uganda—91, and Chad—74 per cent.

The bulk of these people to whom the figures refer are peasants: illiterate, taking medical advice from witch-doctors, never having had their fill, and scratching the soil with a pathetic hoe. Africa's staple crop yields are the lowest in the world, and local production meets only one-third of the population's cereal requirements. During the early 1980s, food output per head dropped by 1.4 per cent.

Nearly one-third of Africa's economically active population consists of part-time workers. In Mali, Niger and Burkina Faso only between 1 and 2 per cent of the economically active population work for a wage. Is it possible to imagine a more backward social structure at the end of the 20th century?

The peculiar aspect of the state of the least developed countries is that they are forced to import everything—from foodstuffs to machinery—without mostly having the funds to do so, since they do not, as a rule, have any valuable primary materials, their industry is so embryonic that they cannot even hope to go on the world market, and simply have no money to pay for imports. What about borrowing? But these are the very countries the foreign banks are least eager to lend money to because of their "lack of prospects".

What about the countries with important primary materials whose prices are quoted on the world markets? These are assets which may also cut both ways, as will be seen, for instance, from Zambia's copper. Here is a good description of the situation.

"Copper was to have brought in the necessary foreign currency. The country could develop slowly and harmoniously... But the price of copper was still being fixed some 10,000 km from Lusaka, on the London commodity exchange. There, London Metal Exchange, controlling 10 per cent of the market, in fact controls the prices of the red metal... Copper quotations declined. Since 1977, it has been below costs. President Kenneth Kaunda says: 'Up to the present time, world industry has exploited us in various ways. Just now we are being simply robbed. It is a permanent holdup of our resources, at which we are forced to be present with hands raised ... in expectation of a tip. Unless measures are taken, we shall perish! We are desperately in need of importing products, machines, spare parts... The fact is that copper makes

¹ South. *The Third World Magazine*, London, March 1983, p. 34.

up 91 per cent of Zambia's exports.'¹ In order to pay the price of an imported jeep, Zambia had to sell 190 tons of copper in 1960, and 350 tons—ten years later.²

How is one to diversify the economy so as to stop being dependent on the export of primary materials? How is one to end the one-crop and one-commodity economy imposed by the colonialists in the old days? The short answer is: develop your own industry. But where is one to take the funds, if the terms of trade on the world market keep worsening, earnings on raw-material exports keep falling, and there is the need to use a part of these dwindling earnings to pay for the import of foodstuffs and oil products, whose prices have gone up? Even if one has managed, in some tricky way, to build a number of plants, where is one to market the products? Quite apart from the tariff barriers in the developed countries, the less developed countries can hardly compete in product quality, while their domestic market is extremely narrow. Even if one produces only consumer goods, the bulk of the population lacks the money to buy them, while the privileged strata prefer to buy foreign goods.

But there is yet another mind-boggling problem, that of employment. In the age of the STR, industry tends to be extremely capital-intensive, and labour-intensive to a very small degree. Modern enterprises have no need of many workers. Is one to set up old-style enterprises merely to employ as many people as possible? But the product quality will be so low and the cost so high that such factories and plants can never hope to compete on the world market. So, willy-nilly, one has to build high-technology enterprises, including automation of production, but then there will be no significant increase of employment in industry. There remains this problem: how is one to employ the masses of people in flight from country to town to escape the hunger? So, there is a continued growth of shanty towns round the ugly, sprawling overpopulated capitals, while the numbers of the deprived, the paupers and the declassed elements continue to grow.

6. The Dual Evil of "Underdeveloped Capitalism"

The Third World has its own industrial elite. Among the new industrialising countries, according to the UN classification, are Mexico, Brazil, Argentina, India, Singapore, South Korea, Taiwan and Hong Kong. The industrial successes of these states and territories are truly impressive. Let us take a look at the new industrialising countries of East and Southeast Asia, which are the favourites of world capital, its pride and show-window. They have been competing with Japan in the traditional Japanese industries working for export, including household electronics and even ship-building.

¹ J.J. Servan-Schreiber, Op. cit., p. 162.

² *Ibid.*, p. 163.

Let us note, first of all, that foreign capital was invested in these four countries from the very beginning of their industrialisation, while the local authorities worked hard to create the most favourable conditions for it. Thus, all non-residents have been exempt from income tax in Singapore since 1968; a powerful Asian dollar market took shape, and expanded from a mere US \$30.5 million in 1968 to more than US \$100 billion by the beginning of the 1980s,¹ so leading to the formation of a new major financial centre of world capitalism.

This centre has been fostered by foreign capital, including capital owned by so-called overseas Chinese (which was estimated in the late 1960s to be close to \$40 billion).² What has attracted foreign capital to these countries?

First, the availability of a high-skilled and disciplined labour-force. Second, the absence of any serious demographic problems (a small population), and a high level of literacy, which makes it possible to fill administrative posts with skilled personnel. Third, the absence of a developed working-class, revolutionary movement in most of them.

On all those counts, Singapore and Hong Kong are evidently unique in the less developed world, which is on the whole characterised by the very opposite features: vast masses of people, the bulk of whom are unskilled and hardly literate. That is why these countries cannot be anything like a model for the Third World. They are a special case, and their population is altogether an insignificant part of the less developed world's. Like the "oil kingdoms" of the Arabian Peninsula, Hong Kong, Singapore, Taiwan and South Korea cannot be said to be paving a way for the other less developed countries. They are not the vanguard, but simply an exception which goes to confirm the rule.

India is another matter. This is a great country, with the world's second largest population, and it has been transformed virtually within the lifetime of one generation. India's progress is incontestable. Its industrial development has been powerfully advanced, the country makes its own machinery and equipment, develops its own metallurgy and energy industry, and builds high-tech plants and enterprises. The cities are full of Indian-made cars. The reactionary forms of land tenure have been abolished, and the country is basically self-sufficient in agricultural produce. Indian goods have been flowing on the market in a growing stream, and the country exports high-quality manufactured goods.

The capitalism now dominant in India is not a rickety or caricature capitalism vegetating under the patronage of foreign monopolies, such as is the capitalism of most Third World countries. It can be called more massive, organic, and, in a sense, more democratic.

But the negative aspects of Indian capitalism are also prodigious.

¹ *Monthly Digest of Statistics*, New Delhi, 1981.

² Iain Buchanan, *Singapore in Southeast Asia*, G.Bell and Sons Ltd., London, 1972, p. 97.

There are many unemployed and poor people huddled in hovels in incredibly crowded and unhygienic conditions. There are widespread penury, disease, dirt, and large numbers of half-starved emaciated children. The country is certainly on an upgrade, but prosperity is still a long way off, and this applies especially to the countryside, where the majority of the people live.

The Green Revolution (the technological advance in agriculture with the use of high-yield strains of food crops) had a great positive impact on the economy, but its social effect was to fortify the positions of bourgeois and landowner elements: the rich were the first to obtain the necessary seed stocks, fertilizers, machinery, electric power and water.

Let us now consider "African capitalism". Bourgeois propaganda in the West is quick to contrast the countries in Africa taking the socialist and the capitalist orientation, claiming that the former are "poor", and the latter "rich", and drawing the straightforward conclusion that the "socialist experiments in socialisation" are a failure, while the private enterprise system is a success.

But what are the facts?

It cannot be denied that most of the socialism-oriented countries in Africa are, indeed, very poor, but they were poor even under the old system. Ethiopia, whose poverty is emphasised by Western journalists, was one of the poorest countries in the world even under the feudal monarchy; its inhabitants starved to death, illiteracy was virtually wholesale, and the people were decimated by disease. In such a country, no government is capable to ensure prosperity within a few years, but it is a fact that landed estates have been broken up, and the land handed over to the peasants; the crying social inequality is gone for good; medical services have been markedly improved; a drive to eliminate illiteracy is under way. Income per head of the population naturally remains low, people continue to be less than well-off, but the progress is incontestable, the people see the prospects before them and are involved in building the new life. Meanwhile, the countries whose ruling circles follow the capitalist road and whose economic achievements are being extolled in the West—Kenya, Morocco, Côte-d'Ivoire, and Senegal, among others—turn out at closer scrutiny to be not rich and prosperous as they are made out to be, although they started from a considerably higher level than that of the countries with progressive regimes.

In the late 1970s, 8 per cent of the population in Morocco received 45 per cent of the GNP; more than 50 per cent of school-age children were unable to attend school; the best lands are in possession of the tribal chiefs and urban big businessmen, who have bought up landed estates.

Up until recently, Nigeria, Africa's giant, was the show-window of African capitalism. With its 94 million people and leading Africa in the volume and growth of the GDP, oil extraction, foreign trade and investments, it ranked among the ten leading less developed countries in terms of GDP (roughly \$30 billion a year). Nigeria's economic achievements—the result of an oil boom—were the envy

of many countries on the "Black continent". But it took only a short while to reveal an unseemly picture behind the façade of Nigerian prosperity. One US newspaper says: "Almost 80 per cent of Nigerian manufacturing is producing consumer goods ... the leading manufactured products are beverages, followed by textiles, petroleum products and food products. The total manufacturing output in Nigeria contributes less than 10 per cent to the country's gross domestic product ... there has been heavy investment in vehicle and electrical products assembly plants, which are dependent, more than 90 per cent, on imported components."¹ On the eve of the 1983 coup d'état, Nigeria's budget deficit stood at \$8.2 billion, and its external debt at \$14 billion.²

And what was the quality of the Nigerian "democracy", which the West set up as a model for the rest of Africa? Here is the view of Major-General Mohammed Buhari, the incumbent head of state: "The ordinary Nigerian ... had become enslaved by a handful of Nigerians whose main interest was not only to perpetuate themselves in office at any cost but also to share among themselves the wealth of the country, while the ordinary man wallowed deeper and deeper in misery." The August and September 1984 elections (which the West claimed to be a "triumph of the greatest African democracy") "were shamelessly rigged", they were "imposed on the people by the scandalous use of a mixture of political thuggery and wide-scale bribery with money that had been amassed by politicians from inflated contracts, kickbacks and many other corrupt practices".³

Perhaps the most lavish praise was heaped by the advocates of capitalism of Côte-d'Ivoire whose ruling élite did not even bother to camouflage its declared intention of taking the country along the capitalist way. Hardly any other African leader could have said what President Félix Houphouët-Boigny said on one occasion: "We did not inherit a financial bourgeoisie. We have built up a bourgeoisie consisting of responsible leaders who are developing the wealth of the land and acquiring property by personal effort."⁴

Encouraged by such a clear and attractive programme, and equally by the political stability of the state, foreign capitalists began to make large investments in Côte-d'Ivoire economy, while the local capitalist class got down to business with great vigour, spending a large part of its profits on limousines, valuables, luxuries, and so on.

However, by the end of the 1970s and early 1980s, the outflow of profits had begun to exceed the influx of new capital. Meanwhile, investments were traditionally financed mainly from foreign loans; the country's financial state gradually worsened and the economic growth rate declined. Foreign private investors turned their

¹ *International Herald Tribune*, December 17-18, 1983, p. 13.

² *Jeune Afrique*, January 11, 1984.

³ *International Herald Tribune*, January 5, 1984.

⁴ *Le Monde*, April 30, 1976.

backs on the country, and in 1978 made up a mere 1 per cent of all investments. The terms of borrowing were toughened up, the external debt grew and service payments increased. The external market as the main source for obtaining the means of payment became sharply more important, but the drop in the prices of exported goods eroded revenues. All this while, the ruling elite was increasing its extravagant spending. "At Yamoussoukro, the village where President Houphouët-Boigny was born ... and which he had turned into his residence, (since 1983, it is the capital of Côte-d'Ivoire) marble was flown in from Italy by plane." And that in a country where the income distribution in the mid-1970s was as follows: 40 per cent of the population received less than 20 per cent of the total, and 20 per cent—almost 52 per cent of the total.¹

Very little is now being said about Côte-d'Ivoire economic miracle. It turns out that this "show-window of capitalism" in Western Africa is not all that glittering and tantalising as the advocates of private enterprise in Africa claimed.

There is yet another country which epitomises the ugliest and most repugnant aspects of "underdeveloped capitalism". It is Zaire, which received \$800 million in US economic and military aid.² Yet, despite these financial injections and the extensive and sustained political support, the West cannot take much pride in its favourite son.

It appeared, at first, that Zaire's affairs were not bad at all, but the first alarm signal was sounded in 1974, when the world price of copper registered a sharp drop—below the cost of production—while the price of oil and grain went up. But that was only the beginning. US Professor Crawford Young, a leading specialist in the problems of Zaire, said that the deepening crisis sprang from the very nature of the political system and the growing inequality produced by its operation. Enumerating the causes of the "Zairean sickness", Young points above all to the vast cost of maintaining an excessively bloated state apparatus (although that is far from being the most important factor): in 1975 it took 44.3 per cent of the GDP, and in 1976—56.3 per cent. The staggering, all-pervading corruption is much more important, and it was best described by Mobutu himself in November 1977, when he said: "To sum it up, everything is for sale, everything is bought in our country... Even the use by an individual of his most 'legitimate rights' is subjected to an invisible tax openly pocketed by individuals. Thus, an audience with an official, enrolling children in school, obtaining school certificates, access to medical care, a seat on the plane, an import licence, a diploma, among other things, are all subject to this tax which is invisible, yet known to the whole world."³

¹ *Le Monde*, January 30, 1980.

² J.J. Servan-Schreiber, Op. cit., p. 231.

³ Crawford Young, "Zaire: The Unending Crisis", *Foreign Affairs*, Fall 1978, Vol. 57, No. 1, p. 172.

Revenue from the sale of coffee in 1976 came to 80 million zaires, but Young says that the figure should have come to 272 million. The difference "disappeared" through the swindles of companies linked with the leading figures of the President's entourage. "Most important of all is the mass pauperisation, which has reached frightening proportions... The rural pattern is identical... If we add to the legal levies of local authorities, which may amount to 15-20 percent of cash revenues, de facto taxes implicit in export fiscal charges, artificially low prices fixed by government, and the 'invisible tax' phenomenon, at least 50 percent of the meager revenues of the villagers are extracted from them... Agriculture, which accounted for one-third of GDP in the late 1950s, had fallen to 18 per cent by 1975."¹ Living standards in Zaire are among the lowest in the world, while inflation has been soaring at 60-80 per cent a year. "The country is decomposed by corruption and smuggling," J. J. Servan-Schreiber writes of Zaire. "Coffee is fraudulently taken out of the country across all its borders. At least 60 per cent of the diamonds produced in Kasai Province is taken out illegally. The local currency unit is officially pegged at 43.5 Belgian francs, but is actually bought at 10 francs."²

The fact is that corruption is rife in all the less developed countries with widespread capitalist social relations without exception. Once the local elite is ensconced in power, it ignores the production models and looks to the consumer models of the capitalist world under the sway of the demonstration effect. The nouveaux riches of the Third World try hard to keep up with the conspicuous consumption of the old colonialist elite and of the fabulously rich West, and so we find businessmen and senior officials in the administration and the state sector, i.e., members of the enormously proliferated bureaucratic bourgeoisie, rushing to buy villas and palaces, limousines and other attributes of the *dolce vita*.

The two privileged groups—the businessmen and the bourgeoisieified bureaucrats—have already coalesced into a single elite, with the latter being the crucial force. In the West, the bourgeoisie established its economic and later political power via manufacture and commerce, which led to industry and finance, and then on to domination of the legislative and executive power through the system of bourgeois parliamentarism, but in the less developed countries, it is political power that delivers the economic power. Influence and wealth are produced by the "power industry". Administration officials and managerial personnel, party bosses and executives at state-sector enterprises make fortunes out of their exorbitantly high salaries and through barefaced corruption. Brokers in the state sector handle supply and sales, making money on contracts with foreign firms, speculation and smuggling. Among those who make money hand over fist are heads of state-owned industrial and trading companies, the owners of private building and transport offices, businessmen hustling in real estate. Those

¹ *Ibid.*, p. 175.

² J.J. Servan-Schreiber, Op. cit., p. 233.

are the people—and not industrialists—that determine the face of “underdeveloped capitalism”, taking up a private commercial, financial, middle-man, speculative and neo-compradore bourgeoisie, which is sometimes also called the “parasitic bourgeoisie”, together with the newly-rich bureaucracy whose members also frequently take a hand in lucrative private business operations. Held together by their social bonds and often by family ties as well, members of these various categories of the elite make up the motive force behind the misshapen capitalist development in the Third World.

The bureaucratic bourgeoisie has inherited the worst features of all the exploiter classes throughout history: it is high-handed and rapacious, contemptuous of the common people and ignorant of the national interest, preferring minimum-risk, maximum-profit ventures and chiefly responsible for the unparalleled corruption, which is being endlessly described and criticised.

Capitalism is implanted in the LDCs in its worst possible forms. It is incapable of providing jobs and keeps deepening the gulf between rich and poor. As the vices of capitalism are superimposed on the poverty and backwardness inherited from the colonial epoch and on an economic structure twisted by dependent development, they amplify the old disproportions and contradictions in the society, generate new antagonisms and exacerbate them.

7. No Progress Without Struggle

It is ever more obvious that capitalism is incapable of providing solutions to the LDCs' grave problems, and many realistically-minded men in the Third World and elsewhere are becoming aware of the fact. A well-known French student of Africa says that in order to escape from the state of dependence and underdevelopment, “it is necessary to cast doubt on the whole model of Western development, the consumer society, the predominance of urban and industrial development”.¹

There is ever greater awareness that it is unrealistic and undesirable for most LDCs to follow in the wake of the industrialised capitalist countries and to reproduce the capitalist model of development. It is unrealistic because the LDCs, especially those which are overpopulated, poor in resources, and lacking the sources of primitive capitalist accumulation, cannot hope, in practical terms, to build up a modern industrialised society along the capitalist way in the foreseeable future. It is undesirable because such a development scenario inevitably deepens the division of a retarded society into a tiny privileged élite and the dispossessed majority, and implants alien cultural and social models cutting across the national tradition.

Many countries in Asia and Africa have already taken a different way, and one of the most significant and truly historic phenom-

¹ René Dumont, Marie-France Mottin. *L'Afrique Etranglée*. Editions du Seuil, Paris, 1980, p. 242.

ena in our epoch is the emergence of socialism-oriented countries. In the face of tremendous difficulties, creation of a new society is under way in Ethiopia, the People's Democratic Republic of Yemen, Mozambique and Angola, with the Soviet Union and the whole world socialist system acting as their true and well-tried allies and providing reliable support.

But the non-capitalist way of development has not yet become the highroad for the LDCs as a whole, and most of them are still moving along the capitalist way, which does not mean that within the bounds of the capitalist economic system they have no hope of progress or success in the fight against dependence on imperialism.

Indeed, the fact that the colonial system of imperialism is gone for good, that colonies have disappeared, that international capital can no longer rule—uncontrolled and unhampered—the destiny of the peoples and exploit them in the easiest and most convenient way marks a tremendous progressive advance in human history. But it was followed by other changes, as the newly liberated countries took control of their natural resources, including primary materials, and nationalised foreign property in the key branches of the economy.

Following the emergence of the non-aligned movement, which is a fundamental expression of the newly liberated countries' anti-imperialist solidarity, they began to cooperate in the economic field. At the First United Nations Conference on Trade and Development in Geneva in 1964, they set up their Group of 77, the core of the movement for economic solidarity and coordination of efforts by the Third World countries. Its formation was a response to a growing historical need, and this was well put by a US analyst, who wrote: "If there were no Group of 77, the emerging international political system would invite its creation."¹ This means restructuring international economic relations in line with the LDCs' demand for the establishment of a NIEO.

The call for a NIEO came from the Fourth Non-Aligned Summit in Algiers in 1973, when the non-aligned movement first focussed its attention on economic issues. The LDCs want stable prices for raw materials, a cancellation of much of their external debt, more economic aid, especially to the least developed countries, and on easier terms, more favourable terms for the export of manufactures to industrialised countries, unilateral trade privileges, easier technology transfer, and so on. The idea of restructuring international economic relations was upheld by the Soviet Union, which has invariably taken a stand in defence of the LDCs' legitimate demands.

There are three main ideas underlying the basic NIEO conception, and these reflect the need for: (a) political regulation of world economic ties on an inter-state level, (b) a mechanism to redistribute the world social product in favour of the LDCs, and (c) democratisation of the whole system of international econom-

¹ Roger D. Hansen, *Beyond the North-South Stalemate*, McGraw-Hill Book Company, New York, 1979, p. 108.

ic relations. Since most LDC governments do not strive for revolutionary transformations or abolition of imperialism because of their class nature and the interests of their dominant social forces, the idea is to do away with the unfair relations within the framework of capitalism. What is more, since these governments are not inclined to effect radical changes at home and, in particular, to eliminate social inequality, the provision of external subsidies for development is not tied in with the problem of radical domestic reforms in the LDCs. These two factors evidently make the attainment of the objectives set forth in the NIEO programme less realistic. But there is no point in complaining on this score, since both these factors are a reflection of another reality of our day, namely, the fact that most countries of the Third World are now run by capitalist or pro-capitalist forces. It would be illogical to expect them to do anything drastic against world capitalism or against the economic and social systems which they themselves have set up and promoted, an organic part of which is the social inequality that is endemic to all capitalist systems generally.

It would be wrong, for that reason, to regard the NIEO programme as militantly anti-imperialist, but then it would also be wrong to deny its progressive potentialities, even if these are not revolutionary but reformist. It is not surprising, therefore, that, even in its present form, the programme is unacceptable to the imperialists, who have been trying hard to ruin it in endless rounds of negotiations on specific issues, and who have refused to accept any substantial steps to meet the LDCs' legitimate demands.

Nevertheless, one should not assume that nothing has changed in the economic relations between the two "departments" of the world capitalist economy. In 1975, for instance, the EEC and 46 African, Caribbean and Pacific countries (ACPs) signed the Lomei Convention, under which the ACPs are entitled to tariff-free exports of virtually all their products to the EEC countries, without the latter having reciprocal preferences; the EEC has set up a fund for stabilising the ACPs' raw-material export prices, the terms of multilateral aid have been improved, and so on. The LDCs acting in a common front secured important unilateral advantages. That was the first occasion on which they had managed to do so, and that concrete case signifies a definite departure from the principles of neocolonialism. The important thing to emphasise is that the concessions were wrested in struggle.

The engine of the LDCs' neocolonialist exploitation is clearly sputtering: the imperialist attempt to mesh the LDCs with the world capitalist economy smoothly and harmoniously has clearly failed. Here and there one finds rifts and new seats of tension in relations with the LDCs, resulting in conflict, often with the most capitalism-oriented countries, fresh knots of contradictions and sharpening competition. It is safe to say that the crisis of the system of neocolonialism is already on.

The economy of the Third World has largely changed, as compared with the recent past, despite the tremendous difficulties.

From 1950 to 1985, the LDCs' GDP multiplied more than 5.4-fold; from 1970 to 1984 their share of total manufactured imports by all the industrialised capitalist countries went up from 4.7 per cent to 12.7 per cent.

The LDCs' growing independence is clearly manifested in politics, in the sphere of international relations. India exemplifies the emergence of such apparently contradictory phenomena, as when a state developing along the capitalist road takes a progressive, anti-imperialist stand in international affairs and follows an economic policy that infringes the interests of foreign monopolies.

That can be understood only in the light of various factors. For one thing, there should be a distinction between the LDCs' organic, structural dependence on international finance capital, on the one hand, and their capacity to take independent political and economic decisions on concrete issues, on the other. Furthermore, there is a need to reckon with the changed balance of forces in the world: the presence of the world socialist system and its growing positive role in international affairs enable the LDCs, whatever their orientation, to put up successful resistance to imperialism along many lines. Finally, the struggle of the masses is a most important factor in the anti-imperialist stand of any state.

The very existence of the socialist system works a resolute change in the state of affairs in the modern world. The LDCs are no longer alone in fighting imperialism, for the socialist countries are their natural allies because of their fundamentally common interests. This alliance gives the LDCs hope of successfully resisting the imperialist exploiters and eventually seeking new solutions aimed at a radical renewal of the whole of social life.

Such a quest is already under way, and it is a fruitful one. There is the attempt to circumvent capitalism and take a historical shortcut to the point from which it is possible to go on to build socialism.

"The non-capitalist way of development, *the way of socialist orientation*, chosen by a number of newly free countries, is opening up broad prospects for social progress. The experience of these countries confirms that in present-day conditions, with the existing world alignment of forces, the formerly enslaved peoples have greater possibilities for rejecting capitalism and for building their future without exploiters, in the interests of the working people."¹

Countries taking this way, i.e., the way of building a socialist society in the long run, are the forward contingent of the national liberation movement in our day.

Lenin formulated the idea that backward countries could advance to socialism without going through the capitalist stage of development, the idea which has proved to be correct and viable in our own day. Lenin was the first to understand that in the modern epoch, when the formation of socialist states became possible, it was no longer fatally inevitable for colonies and semi-colonies

¹ *The Programme of the Communist Party of the Soviet Union*, p. 21.

to pass through all the stages of capitalist development.

If this potentiality is to be realised, the countries where socialism has triumphed must necessarily give the lagging countries assistance and support, but even then there has to be a special historical period, possibly a very long one, in the course of which the prerequisites for building socialism as such are created. This refers, after all, to countries in which the necessary internal conditions have not yet been developed for direct transition to socialist-type transformations. Nor do they have the appropriate material base in the form of a modern developed economy, and still lack a sufficiently numerous and class-conscious proletariat. But the fundamental step has been taken: capitalism has been rejected as a way that fails to eliminate backwardness and dependence, and the choice has been made in favour of socialism. The ways and means used to tackle general democratic tasks are consciously oriented towards a victory of socialism and curtailment of the elements generating capitalist relations. It becomes possible to involve in anti-capitalist processes the peasant, semi-proletarian and petty-bourgeois masses, and also the strata of the proletariat which have yet to rise to class consciousness along the channels of the national liberation struggle.

These are the basic features of the non-capitalist way of development:

First, a fundamental change in the class character of power, with a shift of its pivot to the left. No landowners or members of the big or middle bourgeoisie hold any leading posts in countries with revolutionary-democratic regimes.

Second, an active anti-imperialist foreign policy and a line towards an alliance with the forces of world socialism.

Third, elimination of the sway of foreign monopolies and a transfer of the key branches of the economy under the control of the national state; the channels of imperialist exploitation are narrowed down or even cut off altogether.

Fourth, the crucial economic role of the state sector, nationalisation of major privately-owned enterprises, and curbs on potential capitalist development.

Fifth, involvement of the broadest popular masses in the administration of the state and the management of all social and economic affairs; development of mass initiative and mobilisation of the masses under the leading role of the vanguard party, which spreads and explains the socialist, anti-capitalist ideology.

"Overcoming the resistance of external and internal reaction, the ruling revolutionary-democratic parties are pursuing a course of abolishing the dominance of imperialist monopolies, tribal chiefs, feudal lords and the reactionary bourgeoisie; of strengthening the public sector of the economy; of encouraging the cooperative movement in the countryside and of enhancing the role of the mass of the working people in economic and political life."¹

Wherever these basic lines are consistently maintained, wher-

¹ *The Programme of the Communist Party of the Soviet Union*, pp. 21-22.

ever the old state machine inherited from the colonialists and shot through with the capitalist spirit is dismantled, wherever petty-bourgeois nationalistic elements make way for those representing scientific socialism, and wherever a working people's party has been set up, so that the people feel themselves to be the masters of their own country, a foundation has been laid for advance through the period of transition to the stage of socialist construction. The new state apparatus is staffed by men and women who come from the people, mass initiative is developed, a system of grassroots people's committees and local organs of power is being set up, and the people are being given a political education on the basis of the ideology of scientific socialism. Indeed, the socialism-oriented countries clearly epitomise the basic trend of mankind's social development in our day. The LDCs' socialist orientation should certainly be regarded as an element of the world revolutionary process, as an additional dimension of depth and continuity which carries the whole struggle for national liberation and social emancipation, and against dependence on imperialism to a qualitatively new level. Western politicians and propagandists claim that the revolutionary transformations in the Third World are being inspired by the Soviet Union, and that the Kremlin has been fanning revolutionary attitudes, engaging in "subversive activity" on three continents, and pushing the left-wing forces into struggle against the incumbent governments, thereby destabilising the situation and creating new conflicts and "hot spots".

None of that is true. Indeed, who will believe, for instance, that the people of Nicaragua rose up against Somoza's despotic regime on the incitement of "Moscow's agents", or that it was the "USSR's machinations" that induced the Salvadoran patriots to rise up or the oppressed masses of South Africa to intensify their fight against the inhuman system of apartheid? Revolutions cannot be exported; they mature in countries where the masses cannot put up with the oppression and violence, exploitation and lack of rights any longer. Where no revolutionary situation has matured, external forces, however numerous, cannot rouse the people to struggle, make them challenge the authorities with their well-equipped armies, go out into the streets arms in hand and fight to the death for freedom.

The people of Angola and Mozambique have been driven to desperation by the Portuguese colonialists' oppression, and had no need of Moscow's prompting to rise up in struggle for independence. The same is true of the revolutionary movements against the feudal regimes which had been doomed by history, as they were in Ethiopia, the Yemen Arab Republic and Afghanistan, and against the corrupt pro-imperialist dictatorships. The fact that the most radical and consistently revolutionary forces adopt the most progressive ideas of our epoch and opt for the socialist orientation merely shows that the course of history itself has turned Marxism-Leninism into the theory and practice of advancing to new and just forms of social system that are universal and relevant to both West and East.

9

THE WAVES OF CLASS CONFRONTATION

1. New Pattern of Social Forces

Class battles alternate in form, being now hidden, now open,¹ and it is this alternation of form that usually creates the illusion of a lull in class conflict, an illusion widely used by the bourgeoisie to announce the advent of yet another epoch of social peace. Such illusions do not last long and are soon dispelled by the harsh realities of social relations under capitalism.

There are a great many factors behind the alternation of forms of the class struggle, the crucial one being the degree of social tension which, for its part, is determined by the gap between the development of the productive forces and of the relations of production, the pace and direction of change in the society's social structure, the intensity of labour-power exploitation, the state of the economy, the strategy of the ruling class, and the organisation, maturity of class consciousness and militant spirit of the wage-workers. The alternation of the class struggle also takes place under the impact of established traditions, resolution of class conflicts, the arrangement of political forces in each specific country, the situation in neighbouring countries, the overall international situation, and so on.

This diversity of the factors affecting the forms of the class struggle tends to produce highly diverse situations in the various parts of the capitalist world, but countries with similar development levels also have some common features in the state of their class struggle, reflecting the deep-seated trends, and this makes it possible to analyse the stages and forms of the struggle in a single context.

A look at the industrialised capitalist countries shows that over the past four decades there have been repeated changes in the forms of their class conflicts, and that, with a few exceptions, these have mainly occurred at the same time, being based on processes under

¹ Karl Marx and Frederick Engels, "Manifesto of the Communist Party", *Collected Works*, Vol. 6, p. 482.

way in the economic basis and expressed in a substantial modification of the society's social structure and in the specifics of post-war economic development.

The modification of postwar social structures has gone through two main stages: the first began in the 1950s and had run its course in the various countries up to the late 1960s and early 1970s; the second began in the latter half of the 1970s and is still on.

The correlation between the various social groups and the internal structure of these groups were substantially modified at the very first stage. There was a marked growth of the urban population as large masses of manpower were ejected from farming, which in that period entered upon a stage of rapid industrialisation. Most of the new urban dwellers became wage-workers, so increasing the share of the working class in the society, and noticeably reducing the role of the peasantry. In some industrialised capitalist countries, the peasantry virtually ceased to exist as a separate class, giving way to middle and big capitalist farmers and agricultural labourers working for a wage.

Changes caused by the deepening division of labour and the rapid growth in the role of the non-material sphere allied with industrial production (the collection and processing of producer and commercial information, scientific and technological projects, producer and consumer services) were an important new element in the arrangement of social forces in the towns in that period. New contingents of wage-workers employed outside material production in manual and simple mental labour became a part of the working class.

This process was outwardly expressed in the faster growth in the number of salaried employees, among whom bourgeois statistics usually includes persons doing non-manual labour and receiving a fixed salary. Throughout this whole period, their numbers kept growing faster in all the industrialised capitalist countries, well ahead of the growth of wage-workers, who are classified as workers in the strict sense of the term.

But there was more to this process than purely quantitative change. Even at the early stages in the development of capitalism, when the number of salaried employees was very small, they did not constitute any socially homogeneous mass, because there were substantial distinctions in their material condition and social status behind what were taken to be their common features (mainly non-manual labour for a remuneration in the form of a fixed monthly salary). There was subsequently a steady growth in the social distance between the individual contingents of the salaried employees, which began to acquire a class character at the beginning of the 20th century. The differentiation among salaried employees from the 1950s to the 1970s led to a disintegration of this group as a social entity almost everywhere. Senior salaried employees became an organic part of the ruling class, the bourgeoisie, while the most massive section of the rank-and-file employees merged with the working class, and the middle-ranking employees formed a specific group within the urban middle strata.

The intelligentsia, a specific category, a large part of whose

members simultaneously have the status of salaried employees, has also undergone a similar transformation. The common features of individuals within the group are not formally juridical but essential, being based on the common character of their labour and educational standards, which is why it did not disintegrate on class lines as absolutely as did the former. Nevertheless, the class differentiation within the intelligentsia affected most of its occupational groups over the period under review, with the most massive categories of intellectual pursuits ceasing to differ substantially from the bulk of the wage-workers.

The positions of the working class were substantially fortified by the influx of large groups of well-educated wage-workers closely involved in modern types of social production. Its numbers and weight in the society further increased. Thus, by the 1970s, the working class grew to roughly three-quarters of the economically active population in the industrialised capitalist countries. There was simultaneously a change in its internal structure: there was a reduction in that part of it which is employed in industry, building, transport and communications, and a growth of that part of it which is engaged in the services, including commerce, finance and government administration. The working class employed in agriculture continued to shrink. By the mid-1970s, 45.2 per cent of the working class in the industrialised capitalist countries was engaged in industry and transport, 52.0 per cent in the services, and 2.8 per cent in agriculture.

The processes connected with a qualitative differentiation of labour force likewise had an effect on the structure of the working class. The development of the productive forces tends, in principle, to raise the quality of labour force. Hence a growth of educational standards among workers in all the industrialised capitalist countries. That trend, however, covered up dissimilar phenomena which ran a different course within the various contingents of the working class.

The qualitative changes in the industrial proletariat were generated by the twofold character of the transformations in industry. On the one hand, there was the continued introduction of the means of mechanisation, which led to the ousting and partially even to the disappearance of numerous high-skill trades based on a high level of hand-work skill and experience. The result was a decline in the level of occupational training and a marked increase in the group of medium-skill workers mainly engaged in assembly-line production. On the other hand, there was also a growth of new industries based on more advanced technology and the use of elements of automation, and this produced the need for a new type of skilled worker: personnel handling and servicing more sophisticated hardware. While such services do not always involve a higher standard of creative endeavour and frequently boil down to monotonous supervision, the heightened responsibility for the technological process called for a higher level both of general and specialised training.

The most characteristic feature of the commercial-office proletariat was the switch in type of qualification with the wider use

of mechanisms and business equipment. Here, a general decline in the level of skill standards was the definite trend.

Equally substantial, if not equally profound, changes occurred among the urban middle strata, which outwardly displayed a relative stability. Over the postwar decades, their share within the social structure of the leading industrialised capitalist countries had not shrunk, while their numbers have even increased, and that for two main reasons. First, the deepening division of social labour added importance to the non-material sphere allied with material production, notably the services. At the initial phase of development, the size and organic composition of capital used in this sphere were much lower than those in industry. The same is true of the concentration of capital and production. Such a situation temporarily created relatively favourable conditions for the activity of small business, and these potentialities were intensively used from the 1950s through the 1970s.

Second, the urban middle strata were enlarged with the influx of groups taking shape as a result of the differentiation of salaried employees and intellectuals, and the formation of a category designated as the new middle strata, a category bringing together wage-workers with high mental-labour skills, employed in information, managerial and similar activity, and socially placed between the working class and the bourgeoisie. There was a change in the balance within the urban middle strata between the traditional petty bourgeoisie and the new middle strata because the latter grew more intensively than the impact of small business on the services in the most developed capitalist countries. Earlier on, small businessmen made up the core of the urban middle strata and determined their makeup, but now this role has passed to the new middle strata, which have pushed back the traditional petty bourgeoisie.

These changes in the social structure of the industrialised capitalist countries were realised in the form of flows of economically active people as they left some structural sectors and strove to integrate with others, changing in the process not only their domicile but also their occupation and erstwhile social status as well.

The bulk of the population ousted from agricultural production filled the ranks of the urban working class. Since the number of commercial-office workers employed mainly in the services tended to grow fastest within its structure, it absorbed a part of those who came from the countryside. The newcomers from the countryside most intensively filled the categories of unskilled and semi-skilled workers within the contingent of industrial workers, because the erstwhile rural dwellers lacked the necessary occupational training.

A less numerous, even if often sizable part of the economically active population displaced from agricultural production was established in urban small business, especially in the area where structural changes offered fresh opportunities (producer and consumer services, the tourism industry, etc.).

The erosion of the part of traditional small business which had failed to adapt to the changing production requirements and

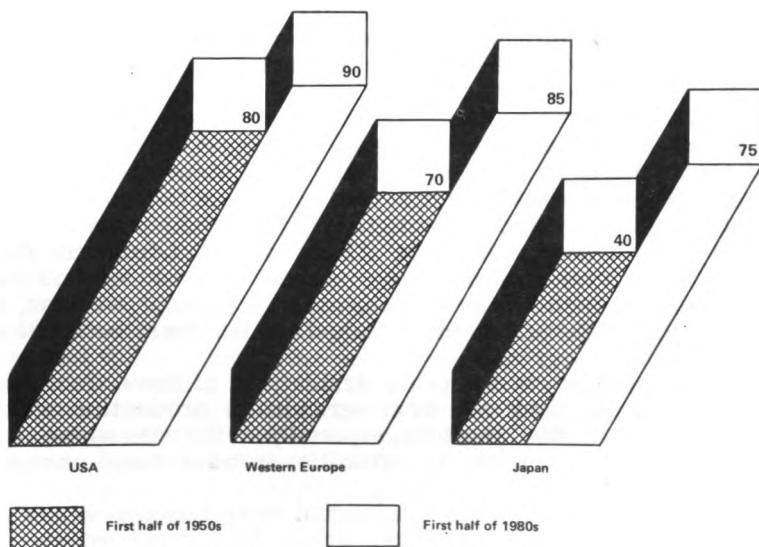
which had been ousted from its former sphere of activity led to the growth of the working class, its members filling primarily the latter's new contingents employed mainly in mental labour and having the status of salaried employees. In contrast to those who came from the countryside, they mainly filled the ranks of the industrial proletariat's skilled and high-skilled groups.

Most of these processes also continued to gather momentum at the following stage, from the second half of the 1970s, but there was also evidence of trends in the development of the social structure which had hardly been in evidence earlier on.

These trends appeared for two main reasons: the steady decline in the rate of social production growth throughout the capitalist world, and the markedly accelerated technological restructuring of industry on the basis of the latest advances of the STR.

With the completion of the structural transformations in agriculture, the migration of labour force from the countryside was sharply curtailed and ceased to play anything like an important role in shaping social groups of the urban population. On the contrary, a strong new impetus to structural change was given in the industrial sphere. The introduction of modern technology into production processes effected substantial correctives in the sectoral structure. Many of the industries which had until recently been regarded as of key importance were designated as "sunset" industries, so

SHARE OF WAGE-LABOUR IN ECONOMICALLY ACTIVE POPULATION (per cent)



that the mass categories of industrial workers employed in them found their jobs to be at risk.

Radical changes in technological processes led to the disappearance of some types of labour which had earlier been regarded as crucial. Within a few years, tens and even hundreds of trades connected with the traditional forms of treatment of primary materials and intermediate products, assembly of finished articles, quality control, handling and transportation, etc., have disappeared (or are on the way out). In view of the declining rate of industrial production, this has in some cases led to a reduction in the numerical strength of the industrial contingent of the working class.

Extensive development of employment in the non-material sphere which was characteristic of the earlier stage was slowed down as a result of the automation of some key types of activity (banking, office work, informatics, communications, storage, etc.). The character of this activity continued to change: paper work increasingly gave way to the machine processing of data, which required other skills and other know-how. On the whole, the working class has continued to grow with the influx of those employed in the non-material sphere and doing mainly non-manual work, but the pace has been slower than that of the preceding period.

There has been a growth of demand on the quality of labour-power, so that conventional-type low-skilled labour force was displaced and the use of skilled labour increased much faster than before. At the same time, the simplification of some technological processes led to the emergence of new spheres of activity not requiring a high standard of training. The result, in particular, was the growing use of low skilled, home-contract labour.

In sum, one could say that the working class in the developed capitalist countries is the most massive and active social force—both socially and politically—at the new stage as well. Its inner structure has been further complexified and the correlation between its elements has changed. The urban middle strata continued to develop along the same lines as they had done in the earlier period, but in view of the deepening automation of mental labour, the new middle strata did not grow at this stage as fast as they had done in the past.

2. Mass Unemployment Society

Up until the early 1970s, the reserve industrial army in the developed capitalist countries practically did not grow, and remained at a minimum level in some cases, despite the substantial restructuring of production and the corresponding changes in the social structure. The bulk of the able-bodied population displaced from one production sphere ultimately found itself included in the production process once again—on terms which were better or worse. What is more, in some industrialised capitalist countries there was a temporary shortage of labour force, especially manifest

in fields of activity where arduous or unpopular manual labour predominated. One outcome of this was the massive use in the FRG, France, Switzerland and some other highly developed capitalist countries of immigrant workers from Southern Europe, North Africa and elsewhere.

This was due to several main reasons.

First, in that period, there was a slow restructuring of the technological facilities on the basis of STR advances because capital was not interested in a comprehensive renewal. Only some industries and spheres of production were affected by the introduction of hardware and technology with a higher labour-saving capacity, so that the number of workers ousted from the key industries was not so large.

Second, in that period, production grew at what was a relatively high rate for capitalism, while cyclical crises were relatively unpronounced. There were additional requirements in manpower because of the economic expansion.

Third, the deepening of the social division of labour caused by the development of the productive forces sharply increased the objective need for the growth of the non-material sphere, including education, health care, producer and consumer services, etc., a sphere which initially developed extensively and so, naturally, required an increase in the number of jobs. As a result, non-material production (the so-called tertiary sphere) became a reservoir absorbing the labour force ousted from agriculture or made redundant in industrial production.

However, there was a radical change in the situation by the second half of the 1970s, as the partial shortage of labour-power gave way to its growing surplus. The employment problem which arose in that period was not just aggravated: it acquired a significance that tended to dwarf many of the other defects of capitalism as the very existence of the working people was jeopardised.

In some countries, unemployment rose to well over 10 per cent of the economically active population. In the first half of 1986, the EEC countries had over 16 million unemployed, including Britain—some 3.3 million, FRG—2.2 million, Italy—nearly 3 million, and France—2.5 million. In the United States (where for various reasons the percentage had been higher than that in Western Europe), unemployment rose from 4.6 million in the 1960s and early 1970s, to 9.12 million in the early 1980s, and then somewhat declined to fluctuate round 8.9 million.

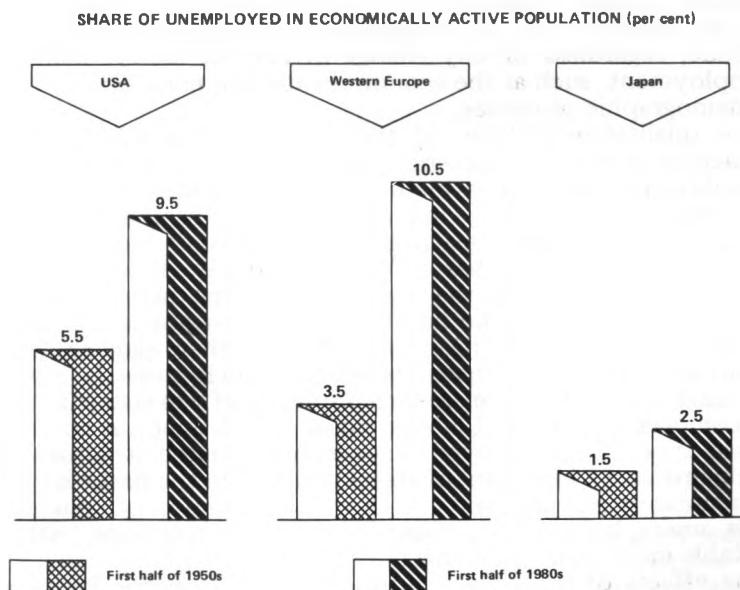
Unemployment was caused by various national reasons in each individual country, but since the latter half of the 1970s one and the same trend has been characteristic of all the developed capitalist countries. One could say that some common factor is at the root of the new state of their labour market, and this is borne out by a detailed analysis. The present situation is under the impact of the factor which Marx believed to be the most important one in determining the causes of relative overpopulation as a law of capitalist accumulation. It has repeatedly produced massive expulsions of the able-bodied population from the production process through-

out the history of capitalism. It is a reduction in the variable part of capital made possible by the rapid development of the productive forces or, in other words, economies in labour costs resulting from the switch of production to new technological facilities.

Initially, this factor was a subordinate one among those behind the emergence of mass unemployment, but by the end of the 1970s it came to determine the main dynamics of employment and unemployment. This was largely caused by the fact that the changing structure of capital resulting from a further shrinking of its variable part was massively spread to the non-production sphere, where a sizable part of the wage-labour is now concentrated. Because of the progressing economies of living labour, this sphere, once a reservoir absorbing manpower over many years, itself became a supplier of surplus labour force.

From 1980 to 1983, the process was intensified by another cyclical crisis and its consequences. The stream of manpower made redundant in production in the course of technological restructuring merged with the stream taking shape because of the curtailment of output owing to the state of the market. For its part, the cyclical crisis stimulated a renewal of capital and a further reduction of its variable part. That is why even after the crisis was over unemployment in the leading capitalist countries (with some exception) did not shrink, but continued to grow, even if at a slower pace than it did at the height of the crisis.

The observable tendencies indicate that the new wave in the reduction of the relative demand for living labour is still at its very



beginning. The latest labour-saving technology is still being improved: its efficiency is going up, output is being boosted, and its relative cost is declining. Meanwhile, the state of the world markets tends to stimulate capital towards more vigorous introduction of ever more economical—and primarily labour-saving—technology.

It has been estimated that if all the mechanisms, devices and technological schemes now in principle available to all the branches of the economy were fully used, depending on the sphere in which labour is applied, then with the same volume of output the number of jobs would drop by 10-40 per cent. In view of the steady improvement of hardware and technology, the demand for labour force would decline to an even greater extent. It goes without saying that such a simultaneous application of new hardware and technology is not practicable, but the development has been running in this direction.

If the developed capitalist economies are to compensate for some of the labour force redundancies and to prevent a further growth of unemployment, they would have to grow at 3-5 per cent a year, depending on each country's specific features. If the existing unemployment were to be eroded, the growth would have to be even higher. But even the most optimistically-minded Western experts are wary of predicting such rates of growth in the years ahead.

By the mid-1980s, the possibilities of variously covering up the reduced scale on which living labour was used in production had been largely worked out. There was, in particular, a sharp reduction in the number of two-job holders and employment of pension-age persons, while partial employment substantially increased. Some of the women for whom the sale of labour-power was not the main source of income withdrew from the labour market. One could expect the displacement of labour-power from social production to continue, regardless of any change in current factors behind the unemployment, such as the economic outlook, migration of capital, and demographic processes.

The qualitative makeup of the workers being displaced from production is also undergoing change. In the past, most of the unemployed were persons in the older age brackets, of limited labour capability, or with a low or altogether obsolete skill classification. There was also a relatively large share of declassed elements. Today, unemployment has affected a totally different type of workers: there are, on the one hand, young people with high educational standards who had been unable to join in the production process upon graduation, and on the other, semi-skilled and skilled workers of the mass trades for which there is a rapidly dwindling demand. There are large numbers of workers with simple and complex non-manual labour skills. All of them, in contrast to the old type of unemployed, have a sophisticated structure of requirements and a high level of social activity. In the past, the period of unemployment was mostly short and temporary, but in the 1980s unemployment has assumed stable proportions, with the inevitable moral and social costs.

The effects of any objective process can, of course, be eased or

transformed as a result of action by the social forces, and this fully applies to the employment crisis which has affected the developed capitalist countries. Nevertheless, measures taken to overcome the crisis have not yielded any noticeable effect, and that for three main reasons.

First, up to a certain point, the mass unemployment suits the ruling class, because it provides an additional important instrument for putting pressure on wage-labour and on its trade union and political organisations. That is why the parties catering for the interests of the bourgeoisie refuse to do anything to restore the situation which had existed on the labour market of developed capitalist countries from the end of the 1950s to the first half of the 1970s. Indeed, they have serious apprehensions over the state of employment only when the situation begins to threaten social and political stability.

Second, the orientation towards free-market mechanisms characteristic of the present mentality of the ruling class creates the illusion that the state of employment will be regulated automatically, as the "normal" economic and social proportions allegedly upset by the years of intervention in the economy by the state are re-established.

Third, the economic strategy of the conservative-minded bourgeois political forces now calling the tune in most of the industrialised capitalist countries inevitably reduces employment, a reduction which ultimately tends to be many times larger than the possible effects of any piecemeal measures aimed to preserve or create new jobs.

It is obviously the working class alone that is capable of taking the initiative for effectively solving the problem of employment for the benefit of the society as a whole.

3. Strategy of Social Revenge

The pattern of social forces which took shape from the 1950s to the early 1970s was favourable for successful action by the working class and other contingents of wage-workers in the fight to improve their material condition and for their social and political rights. This was also promoted by the growth of the mass of the population involved in wage-labour, and by the general rise in educational standards.

There were, of course, also some factors hampering overt forms of the class struggle. Thus, the intensive influx of peasants into the working class had a contradictory effect. On the one hand, the erstwhile peasants involved in the wage-labour system, gradually shaped their class consciousness; on the other, it was a slow process because for them the acquisition of worker status entailed an improvement of general living conditions (fixed working hours, sick benefits, paid holidays, etc.). All these gains had been won over long years of persevering struggle, but they were available to the new workers without any additional efforts on their part, and were

seen as an expression of their employers' good will.

The influx of new contingents into the working class on the whole helped to invigorate its activity, but while members of these new contingents accepted proletarian methods of struggle (taking part in the strike movement, joining the trade unions), many of them still carried the burden of their old scale of values. They were, at best, inclined to take social-reformist attitudes and, at worst, to accept conservative solutions of social problems.

In a considerable part of industrialised capitalist countries, the working class on the whole retained its characteristic trade-unionist mentality, which does not look to any revolutionary transformation of the capitalist society. But from the 1950s to the early 1970s, the working class displayed much perseverance and steadfastness in fighting for its daily needs.

There were several other factors which made this fight yield results. The economic growth which proceeded in that period in most industrialised capitalist countries, despite the cyclical fluctuations, provided the ruling class with reserves for additional economic and social manoeuvring, while the state of the labour markets—the labour shortage characteristic of that period—gave the wage-workers additional potentialities for putting pressure on capital.

These decades were marked by a steady improvement, however modest, in the material condition of the working population. Real wages grew in most industrialised capitalist countries. A system of old-age pensions and unemployment, sickness, disability and other benefits was set up and enlarged. The working people's political positions were consolidated, and the political parties representing their interests enhanced their influence.

All of this, for its part, gave the working class greater faith in its strength, raised its militant spirit and induced it to take vigorous action. That being so, class confrontations were in most cases realised in the most obvious forms. One need merely recall, in this context, the May 1968 events in France, the hot autumn of 1969 in Italy, the successful struggle by the Upper Clyde ship-builders in Britain (1971-1972) and the defeat inflicted by the British miners on the Tory government in 1974, etc.

That was the period in which the mass trade unions substantially consolidated their positions. There was a change in the membership structure in view of the changes in the makeup of wage-workers, including the working class. There was, in particular, evidence of the growing unionisation of women, and also of members of the new contingents of the working class consisting of workers by brain in the most modern branches of material production and in the non-material sphere.

There was a growing tendency for unification, and this in some cases helped to stage parallel, and even concerted, action by trade unions and trade union associations with differing ideological and political orientations. While this trend was not in evidence everywhere and differed in intensity, there was a growth of trade union solidarity.

The trade union movement began to look to an ever greater extent to objectives which could be attained only nationally and even internationally. That, for its part, increased the tendency for trade union demands—and so also the forms and methods of struggle—to be politicised.

The potentialities of the trade unions in the developed capitalist countries were on the whole markedly increased, and this was also evident in their growing influence in the individual countries, in the revival of the trade union movement where it had been banned or driven into the underground (Greece, Portugal, Spain), and in the establishment of associations of trade unions of differing orientation.

The strike movement assumed wide scope in that period, with the effectiveness of strike actions growing faster than their massiveness. The range and character of the proletariat's demands were enlarged in the course of the strike battles, the idea being not just to win better terms from the employers for the sale of their labour-power (wage levels, duration of working day, labour protection in industry), but also broader concessions relating to the worker's development as an individual and to the rights of the worker collective (everyday conditions after working hours, efforts to make labour activity more creative, the collective's right to take independent decisions on social and everyday problems, exercise of control over the management's production and financial activity, etc.). Broader demands were also made on the governmental and municipal agencies (creation of jobs, improvement of occupational training systems, solution of the housing problem, improvement of health care, transportation, etc.).

The aligning of requirements and concrete demands of the working class in accordance with the highest level attained was a substantial new element. That which had been the content of struggle by the proletarian vanguard and its most immediate working-class contingents over a period of decades now became the content of demands made by the bulk of the workers.

Thanks to the resistance of the working class, it even succeeded in generally preserving the attained level of nominal and real wages during the cyclical crisis of 1974-1975. The working people's incomes were still depressed because of the smaller number of family earners, reductions in overtime and in some additional payments, but this decline was not as great as it had been in the past.

That notwithstanding, the first alarming symptoms already indicated that in the sharpening class battles the bourgeoisie would no longer confine itself to defence and would increasingly try ever more vigorously to mount an offensive. This was evident, in particular, from the decline in real wages in the United States and Great Britain in that period.

It became obvious by the end of the 1970s that capital's policy was being increasingly determined by its urge to exact social revenge if not for all then, at least, for the main defeats it had suffered over the preceding period.

This urge was backed up by a number of objective factors. In

anticipation of new class clashes, international capital managed to rally its forces in the 1970s; it was further internationalised and so more capable of manoeuvring; the political positions of big capital were strengthened in some industrialised capitalist countries, and this was manifested in the takeover of power by political parties championing the interests of the most reactionary groups of the bourgeoisie. Such shifts made it more difficult for the working class to use the political institutions, which became less sensitive to pressure from below and were quicker to respond to the wishes of big capital. The immediate outcome of these shifts was that attempts were more often made in some countries to put legislative and administrative pressure on the trade unions, to curtail the most effective and acute forms of struggle by the working class, and so on.

Capital regarded the state of employment as providing an especially favourable opportunity for attacking the economic and social positions won by the working class. The existence of surplus labour-power on the labour market has always tended to weaken the workers' positions and to strengthen those of the employers. The capitalists' advantages turned out to be especially great in the situation which emerged in the latter half of the 1970s, when there was not just a large reserve army, but one that kept steadily growing.

The objective economic situation likewise operated in favour of the social revenge policy. The social infrastructure built up as a result of persevering working-class struggle over the earlier decades was geared to steady economic growth. Its funding was based on the assumption that there would be a steady growth in the deductions to these infrastructure funds, while spending would remain moderate.

But there was a substantial change in the situation in this area in the late 1970s. The funds accumulated to finance the social infrastructure began steadily to dwindle, while the need for outlays kept growing. The state of unemployment benefits became most acute. The maintenance of millions of unemployed in a situation in which the number of those working—and, consequently, making contributions—kept shrinking eroded all the accumulations. By 1984, the unemployment benefit funds in most industrialised capitalist countries had run dry, and payments from these funds are now being made mainly through subsidies from the state budgets.

The state of old-age pensions is roughly similar. With the increase in the expected lifespan, the number of old-age pensioners has markedly increased over the past several decades, while employment has been shrinking, which means an ever smaller number of persons creating the national income. Besides, the demographic structure worsened, with the result that the numerical strength of the most able-bodied generations was reduced. The sums paid out in the form of pensions went up, while the contributions to the pension funds went down. Once the pension funds had been depleted, the payment of old-age pensions was likewise ensured in many countries through government subsidies, which again meant a growing national debt.

The bourgeois state evidently cannot afford to allow the col-

lapse of the social security system, as that would entail unpredictable political consequences, but then it does not display any readiness to subsidise the system by further increasing the budget deficits.

The problem could be largely solved through a reduction of military expenditures, which have reached astronomical proportions. But the ruling class has no intention of doing so voluntarily. Hence the efforts of conducting its policy of limiting social expenditures.

Since the early 1980s, the conditions for the extension of social assistance to needy groups of the population have been steadily worsening in most industrialised capitalist countries: the period of entitlement to unemployment benefits is being reduced, the entitlement qualifications are being toughened, and the range of persons entitled to receive social maintenance is being reduced. Capital's offensive in this area in some countries has damaged the system of education and occupational training, medical services, municipal housing construction, and so on.

The scale and character of the measures being taken to realise the social revenge policy differ from country to country, but there is an old rule in operation: the greater the resistance to such policy, the more cautiously it is effected, and the lesser the damage it inflicts on the needy population.

Real wages have become an important objective of capital's social revenge. The tendency towards a decline of real wages has been evident since the early 1980s not only in the United States and Britain, but also in most of the other developed capitalist countries. The real incomes of working-class families have continued to decline in view of the reduction in the number of breadwinners.

In the political sphere, the ruling class has staked even more openly on the use of hard methods for governing society. "The whole arsenal of means at capitalism's disposal is being put to use. The trade unions are persecuted and economically blackmailed. Anti-labour laws are being enacted. The left and all other progressives are being persecuted. Continuous control or, to be more precise, surveillance of people's state of mind and behaviour has become standard."¹

The psychological harm inflicted on the labouring strata of the population has been considerable. Joblessness has become a way of life for a sizable part of the society, so splitting the working people into two sections: those in work and those out of work. The competition this has inevitably produced between them has led to a weakening of the positions of both in their confrontation with the capitalist class.

For the working section of the population, the pressure from the large reserve industrial army has meant a weakening of its positions on the labour markets. The material burden for those out of work is being compounded by deep moral shock, which often means loss of faith in one's abilities and sense of dignity, and a rupture of social ties. This has an especially grave effect on young

¹ Mikhail Gorbachev, *Political Report...*, p. 16.

people most of whom have never had a chance to start working in production.

The bourgeoisie expected that its social revenge strategy would force the working class and all the other working people to surrender without resistance the economic, social and political positions which they had won in the decade before, but subsequent developments showed that such hopes completely ignore the realities of the class struggle.

4. New Frontiers Ahead

Substantial correctives to the overall socio-psychological atmosphere and to the consciousness of individual social groups were introduced by the situation which took shape in the latter half of the 1970s and which further developed in the 1980s.

The upheavals within the economic basis and the consequences of these upheavals for the living conditions of the working population led to some erosion of the picture of the "welfare state", allegedly capable and ready to provide all of its citizens with a high and steadily improving standard of living.

The ever more complicated economic situation, which made for sharpening competition, in its turn stripped the camouflage off the class confrontation where it was manifested in overt forms, and demonstrated the nonsense of "social partnership" ideas, which had been loudly advertised in the preceding decades.

What was discredited in the first place was the policy advocating state intervention in economic and social life, because it had been the most characteristic one in the past period. The political forces conducting that policy—most left-liberal and social-democratic and sometimes also centrist bourgeois-reformist parties—found themselves discredited with it.

The feeling that the social positions of individuals and groups were relatively sound was also largely dispelled. There was a growing sense of uncertainty as an element of the mental state of broad masses of people within the whole zone of developed capitalism. These changes in the mentality of the various social groups naturally proceeded in different ways.

The most class-conscious section of the workers perceived the upheavals in the capitalist economy and the sharpening of the class contradictions as a natural result of the earlier development of capitalism and as an inevitable expression of its contradictions. The proletarian vanguard, psychologically prepared for the new stage in the class struggle, faced it with well-prepared and in serried ranks. The section of the workers who had come under the influence of the illusions springing from the earlier developments saw the new situation as an inducement for taking a more consistent class stand and a gradual involvement in the struggle against capital in the forms which best accorded with the existing situation.

By contrast, quite a few workers disappointed in the myths which had ruled their thinking over the previous period were dis-

oriented, and their discontent with the growing instability of their position, the inefficiency of the bureaucratised state machine, and the growing difficulties in everyday life either led to growing alienation from politics, or to a greater inclination for conservative criticism of liberal-reformist policy. Such attitudes were widespread both among the traditional and the new contingents of the working class.

The petty bourgeoisie took an oversimplified view of the sharpening crisis processes, i.e., as evidence that it was wrong for the state to take on more social functions and to follow the policy of redistributing the national income in favour of the poor. Accordingly, that social group urged the need for a return to the old social and economic model entailing the absolutely free play of the economic forces and free competition.

The response of the new middle strata to the sharpening economic and social crisis assumed a different form: on the one hand, there was a wide search for new and more efficient methods for running the economy and the society; and on the other, there was a spread of extremely pessimistic assessments of development prospects suggesting a "crisis of civilisation", and the need for a totally new "industrial development model" which had nothing in common either with capitalism or with socialism.

The marginalisation of consciousness proceeded apace, and naturally first affected the unemployed. For some of them, their long exclusion from the production process had made them slide into the ranks of the lumpen proletariat. This way was travelled fastest by groups of young people with a relatively low standard of education, for whom joblessness had been the only available form of existence since their reaching of working age.

But this way was travelled only in part by massive strata of the unemployed. In terms of marginalisation, they fall into three main groups.

The first consists of those who recently lost their jobs and who are firmly resolved to find another—even on less favourable terms. Members of this group have characteristically retained their erstwhile values and tenets. They regard the loss of their jobs as being accidental or as a result of their own failings and mistakes. Dismay is the dominant element of their mental state, and as the period of joblessness lengthens they tend to lose their self-respect and to feel depressed.

Among members of the second group, who have been beset by the burdens of unemployment for a longer period, the characteristic frame of mind is a peculiar intermingling of the values and tenets reflecting their old social status and some elements of the sense of being outcast. The state of dismay and depression frequently gives way to a keen sense of isolation and alienation from the society which neglects them. They retain their motivations for work and their ethical standards, but come to feel a deep hostility not only for the system but also for the social institutions as a whole. The boundaries between these two groups are usually vague and fluid. Industrial workers, especially those with experience in organised

struggle, and who actively participate in the activity of political organisations and have a well-formed sense of class consciousness, suffer less from the sense of dismay and depression than do office workers. On the other hand, office workers who have lost their jobs develop a hostile attitude to the social system and its social institutions more slowly and vaguely than do industrial workers.

The third group consists of persons with a high standard of education and an elaborate system of social requirements, who have lost their social status, but have not degenerated into lumpen proletarians. This group includes many of those who had done complex work by brain, and who had not been fully displaced from social production but had been unable to realise their social expectations. Among them, the decline of the labour ethic is transformed into a protest against the repressive society which coerces them into doing uninspired work, into hostility for social institutions, and into the vision of a new social model. The loss of their personal prospects leads them to deny the importance and possibilities of human progress generally.

The spread of conservative views is among the most dangerous consequences of the disorientation of social consciousness among some social groups, and this is most characteristic of the petty-bourgeois circles, and also of social groups losing their erstwhile social status and descending to the lower depths of society. It is a trend that has also affected some sections of the working class. This applies above all to those of its contingents which had tenuous connections with the organised working-class movement in the past, and also to those which had failed to travel the whole way of integration with the core of the working class. However, in some countries groups of industrial workers have also been inclined to accept conservative ideas.

The marked flare-up of nationalism has been one of the most dangerous forms of the conservative wave, its edge at home being directed against foreign workers. So long as there was a shortage of workers in the labour-importing countries, the growing hostility towards foreigners was being contained by the awareness that the economic mechanism could not function without their labour inputs. These barriers were largely lifted by the changing situation on the labour markets as a result of the employment crisis. What is more, in view of the unemployment, the foreigners were regarded above all as rivals in the fight for jobs.

Nor was the rise of nationalistic attitudes confined to the internal sphere. The worsening conditions of existence for sizable categories of the population and the growing uncertainty in the future were expressed in ever greater hostility for things that were regarded as the external causes of the economic hardships and upheavals. These attitudes were realised, in the first place, as a peculiar revival of the high-handed and embittered attitude to the peoples of less developed countries, which were largely blamed for the recurrent and ever deeper economic crises, mounting inflation, the employment crisis, etc. That was also the view taken of the rise in the prices of energy and other mineral raw materials, the growing competition on

the world markets with goods manufactured in the so-called newly industrialised countries of Southeast Asia, the export to these countries of capital from the industrialised countries, and so on.

That has provided the basis for elements of a peculiar neo-imperial consciousness looking to a partial restoration of the old relations between the metropolitan countries and the former colonies as the prerequisite and condition for improving the economic and social situation in the developed capitalist countries. That is also the source that feeds the hostility for the states and peoples whose stand is an obstacle to the former imperialist metropolitan countries in their efforts to re-establish their old spheres of influence, primarily, for the countries of the socialist community.

These attitudes are largely contained by the opposite tendency: a growing awareness of the danger of local armed conflicts developing into a global confrontation with the use of the most modern means of mass destruction and so of the possible annihilation of human civilisation itself. The powerful upswing in the anti-war movement in the industrialised capitalist countries is having a similar containing effect. Nevertheless, the revival of the neo-imperial consciousness remains an important factor, having an impact on the present-day forms of social consciousness.

In different countries, of course, the scale and depth of such phenomena differ. They are particularly marked in the United States of America. The influence of conservative (including extreme right-wing) forces on the workers is stronger there than anywhere else in the capitalist world. Nationalism, xenophobia, a tendency to support the policy of "neoglobalism", and the like, are widespread among some American workers.

There are a number of reasons for this, including the USA's leadership of the capitalist world, which ensures its population a higher standard of living than in the majority of other countries, and the fears entertained by many of those employed in arms production of losing their source of income in the event of cuts in state arms expenditure. The mass propaganda manipulation of the population has a negative impact on the consciousness and political behaviour of American workers, especially since the reactionary upper echelons of a number of influential trade unions take an active part in it.

Changes have taken place in the demands of the working class, too, since it has found itself at the centre of the struggle between the social forces. The demands relating to a higher quality of life, which were in the forefront over the past decades, and especially in the 1970s, have given way to traditional demands relating to the primary conditions for the sale of labour-power: size of wages, duration of working day, state of the production environment, etc. In the face of the social revenge policy, these conditions have to be fought for once again with great intensity.

The problem of employment has acquired especial significance in the existing situation, because on its solution largely depends the future of large contingents of the working class. Since the measures taken by the ruling circles of the bourgeoisie to ensure employment

have proved to be ineffective, it has now become vitally important to frame and realise alternative programmes for solving the problem for the benefit of the bulk of the labouring population.

Summing up the views and proposals expressed in this context within the working-class movement of the developed capitalist countries, one could single out two groups of programmes, one of which is aimed to tackle mainly current tasks, and the other, transformations in greater depth.

The first group calls for a fairer distribution of the available volume of labour from the standpoint of the bulk of the working population. In concrete terms, this suggests the maintenance of the volume of employment through a reduction in the duration of the working week, the elimination (or at least sharp reduction) of overtime with wages at the old levels, longer paid holidays, longer general and occupational training, lowering of pension age, and so on.

Social, economic and political struggles are already under way over such programmes in some countries, and their demands are either being realised or are to be realised in the near future. There is active discussion of the measures necessary to make realisation of these programmes possible. Thus, the raising of the working age by lengthening the period of young people's training implies, as a prerequisite, a drastic improvement in the general education system and the system of occupational training, whose state is generally said to be unsatisfactory in most developed capitalist countries.

But these programmes have not been realised in any industrialised capitalist country as a package, including those where the problem of employment has become extremely acute. The struggle for these programmes is bound to meet with stubborn resistance from capital.

What is equally important is that the demand for labour-power and its supply cannot be balanced out even when the first package of programmes is fully realised. First, if the current trends continue, jobs will still be wound up faster than they are preserved or created through a more even distribution of the available quantity of labour. Second, the erosion of labour-power does not proceed evenly: while some trades, types of activity and even industries are eliminated, others emerge with different demands on the types and quality of labour and, consequently, different types of labour-power. So, what these programmes can do is no more than somewhat to ease the problem.

That is why the first group of alternative programmes needs to be supplemented with a second, envisaging the creation of new spheres for the application of labour, mainly in the sectors of culture, education, sports, environmental protection, and so on.

Realisation of such programmes should lead to an expansion of the social sector of employment. This requires the accumulation of large funds for use by governmental agencies, reorientation of investments to socially necessary and labour-intensive spheres of activity, and retraining of labour force for work in these spheres. It is suggested that such funds could come, first, from the additional

profits of entrepreneurs received from the switch of production to new technological facilities, which could be collected through an efficient and differentiated taxation system, and second, economies on military and other non-productive spending.

Orientation towards long-term programmes does not, of course, eliminate the need for tackling concrete and practical problems presented by the realities of the mid-1980s. The problem is, first of all, to fend off the drive by capital against the living standards of the working section of the population in the context of a more complicated state of the labour markets. Here one has to reckon with a number of processes connected with technological restructuring. The weight of the various trades tends to be changed as a result of shifts in the sectoral structure, and this could well weaken the positions of the trade unions. For its part, the trend towards a territorial deconcentration of production, notably its transfer to new regions with an atmosphere that is ideologically and politically hostile to the working-class movement, and also the extension of home-contract labour could create additional difficulties for organising the working people to take collective action against the growing exploitation. This means finding ways and means to unite these groups of the population. Organisation of cooperation between job-holders and jobless is also of exceptional importance.

The revolutionary wing of the working-class movement regards this situation in the zone of developed capitalism as resulting from an accumulation of the contradictions endemic to the capitalist mode of production. It sees the present state of the capitalist economy as a deep-seated and mainly structural crisis which will take more than "cosmetic" palliatives to overcome.

In the economic field, it gives every support to the programmes which could bring about a restructuring of the production process on a new technological basis without detriment to mass categories of the labouring population.

In the social field, it wants a further strengthening and extension of the social infrastructure, which it regards as a protective wall against the attempts by capital to solve its economic problems at the expense of the working people.

In the political field, it stresses the need to democratise the institutions of power. The additional incentive for this comes from an awareness of the real danger that, with the highly exacerbated crisis in the economic, social and political spheres, the bourgeois-parliamentary superstructure could well degenerate into a system of direct suppression of the democratic forces, or could be swept away by another political superstructure no longer having any formal features of a parliamentary regime.

In terms of prospects, the situation which has taken shape in the developed capitalist countries offers fresh opportunities for strengthening and expanding the influence of the working-class movement and of the other left-wing and democratic forces. But here they are faced with some serious problems, one of which is to win over the rapidly growing new contingents of the working class which are politically still linked, by tradition, with the so-called

moderate parties; another is active efforts to help a sizable part of the working class to overcome the dismay and disorganisation caused by the economic difficulties, the employment crisis and the break-down of the old notions of social development; a third problem is to hammer out working-class party policy with respect to the massive category of able-bodied and politically active population displaced from the production process, a policy which must provide for effective representation of its interests, for otherwise it could succumb to manipulation by leftist or right-radicalist forces.

Some contingents of the working class have had to retreat in view of the sharpening social tensions since the end of the 1970s and the start of the counter-offensive by the ruling circles of the bourgeoisie for the purposes of social revenge. Hence the wane of the strike movement in evidence in some industrialised capitalist countries in the first half of the 1980s. However, it signified no more than an episode in the course of the class battles. By the mid-1980s, there had already been signs of another trend, a trend towards a growth of overt forms of class confrontation, including its most active forms. This was signalled by the strike of West German metalworkers, who demanded a 35-hour working week, and the unprecedentedly wide-ranging, long and hard struggle by the British miners. The anti-war movement, in which the working class and its organisations have a key role to play, has assumed vast proportions. Other forms of social protest have also been invigorated, so once again giving forceful expression to Lenin's profound methodological approach to the problems of the class struggle, when he wrote: "But if the general groundwork exists, that does not permit us to conclude whether the depression will for a time retard the mass struggle of the workers in general, or whether at a certain stage of events the same depression will not push new masses and fresh forces into the political struggle. To answer such a question there is only one way: to keep a careful finger on the pulse of the country's whole political life, and especially the state of the movement and of the mood of the mass of the proletariat."¹

The working-class movement in the industrialised capitalist countries now obviously finds itself at an important stage. The working class has every possibility not just to fend off the current offensive by the crusaders of social revenge, but also to inflict a resolute defeat on them. "The basic interests of the proletariat," the CPSU Programme emphasises, "make it more and more imperative to achieve unity in the working-class movement and concerted actions by all its contingents."²

5. The Communist Movement in Face of the New Realities

The vanguard of the forces of social progress in the modern age consists of the communist movement. There are communist parties

¹ V.I. Lenin, "The Assessment of the Present Situation", *Collected Works*, Vol. 15, p. 278.

² *The Programme of the Communist Party of the Soviet Union*, p. 19.

in 95 countries, with an aggregate membership of over 80 million people. It is not, however, numbers that count most, but the fact that the communist movement is an influential ideological and political force of our times. Communists are heading the tremendous creative work of building a new society in the socialist countries. They are in the front ranks of those fighting for the vital interests and rights of the working people in the capitalist countries. In the developing countries, Communists are the most consistent fighters against neocolonialism and reaction, for consolidation of independence, national revival and for the choice of the most progressive development course.

The picture of the world communist movement today is complex and diverse. The communist parties of different countries are tackling different specific tasks. They also find themselves in different situations. Some of them have won firm positions, have accumulated considerable political experience, possess mature cadres, in short, have become a significant force. The achievements of others are not so marked. Yet others still have to establish their place in their countries' political life. Finally, in many developing countries the task of creating a Marxist-Leninist party is still to be fulfilled. The communist movement constitutes a complex international organism, the functioning and development of which reflect both the achievements and the contradictions of the world revolutionary process, and the heterogeneous social composition of the forces participating in it.

At each stage of development, it encounters new problems and new difficulties. In the current critical period, they are particularly great and are reflected in many capitalist countries in a fall in the numbers of Communists, a loss of votes in elections and deputies' seats in parliaments. In a number of countries matters have even gone as far as parties splitting.

A fierce ideological struggle is raging around the assessment of the state of the communist movement, its achievements and prospects. Bourgeois ideologists strive to minimise the role of Communists in the struggle for peace and social progress. They assert that Marxist-Leninist parties are stagnating and declining. They compensate for the lack of facts and arguments to support such categorical conclusions by referring to renegades such as Jean Ellenstein, who asserts that the communist movement is in an "irreversible regression", that there is a "fatal cancer" within it.¹ S. Sullivan, an "expert" on the problems of communism, writes that these once influential parties are "in deep crisis", have "splintered in an ideological melee" and have been "driven to the barren margins of political life".²

The current difficulties of the communist movement in no way, however, constitute a crisis. There are other reasons for them. As noted by the 27th Congress of the CPSU, the communist movement has come up against many new realities, tasks and problems. It is

¹ *New York Times*, February 3, 1986, p. 1.

² *Newsweek*, March 10, 1986, p. 34.

influenced by the international conditions under which Communists are working, the scientific and technological revolution, and the current substantial restructuring of bourgeois society, including the structure of the working class. Communists in developing countries face difficult problems. The situation is made more complicated by the fact that communist parties remain the chief object of ideological and political pressure on the part of the monopolistic bourgeoisie and its ideological and propaganda apparatus.

Within the communist parties a difficult process is under way of the creative rethinking of the new realities and the programme and political tasks arising from them. In a word, the movement has entered a qualitatively new stage and this has, of course, given rise to certain difficulties. At the same time, however, and this is the main thing, the solution of the problems that arise opens up before Communists new opportunities in the struggle for political influence among the masses and for their own ideological-political and organisational consolidation.

The new opportunities arise primarily from the active participation of communist parties in the struggle to avert a nuclear war. The threat of the annihilation of mankind compels us to re-assess the whole sense of the activities of the vanguard of the revolutionary working class. The struggle for peace, which has always been considered by Marxists as a vital democratic task, is now becoming an imperative demand. The very preconditions for social progress and the realisation of communist goals depend on a positive solution to this problem. This means that the struggle for peace is becoming for Communists an independent strategic task that enjoys undoubted priority over all others. There is a steadily growing understanding that the historical mission of the working class in the nuclear age is acquiring, as it were, a second dimension: not only the revolutionary transformation of society, but also its preservation. The 26th Convention of the Communist Party of Canada noted in this connection: "In the present tense international situation Communists see as their task not only the struggle to end exploitation and oppression but also and in the first place to save human civilization from nuclear war. This adds a new dimension to the historic mission of the working class."¹

The communist parties support the peaceful initiatives of the Soviet Union and the other socialist countries, come out against the arms race, for disarmament and the transfer of the economy on to peaceful lines, for a close link between the struggle for peace and that for the short-term, long-term and final goals of the working-class movements.

The practice of social development has faced the communist parties with a task of tremendous historical importance—that of uniting the working-class movement with the mass anti-war movement engendered by mankind's unprecedented surge towards self-preservation. The anti-war movements of the broadest popular

¹ *Canadian Tribune*, April 15, 1985, p. 6.

masses on all continents, as the CPSU Programme notes, "have become a long-lasting and influential factor in the life of society".¹ It expresses the mass-conscious and spontaneous protest against militarism, against the threat of war posed by modern capitalism.

The anti-war movements existed previously, too, but they never attained such a scale or such specific features as at the present time. They are now distinguished by their unprecedentedly mass scale and the broad social spectrum of their participants. The movements have become a real force that even those interested in fanning tension and in the arms race have to take into account. The participants in the anti-war movements include representatives of all classes and social strata: factory and office workers, priests and retired generals, even some groups of the bourgeoisie. An active role is played in them by women and young people. A distinguishing feature of the modern struggle against the nuclear threat is the emergence of organisations of various trades, above all scientists and doctors, and activation of the priesthood of various religions. Representatives of the most diverse political parties and supporters of the most diverse ideas participate in the movements. Communists, Social Democrats, liberals, atheists and believers—they are all united by their readiness to prevent war.

The years pass, the situation changes, as do the forms of protest, but the anti-war movement does not die down. From time to time a decline might be observed, certain individual movements experience "exhaustion", but in aggregate they constitute a picture of uncontrollable growth, in which the profound requirements of contemporary social development are expressed, the most important of these being that for the human species to survive. This is evidenced by the rapid spread of the anti-war movements. In 1970 the Greenpeace Movement had only 12 members, who challenged the US military by going out into the ocean on a small boat in the area of the Aleutian Islands, where an atomic bomb was to be exploded. By the end of the 1970s, there were already 100,000 members of the movement in ten countries, and in 1985—they numbered over a million in 15 countries, where the movement has representatives and offices, 150 full-time officials and considerable funds. An equally rapid growth has also been experienced by another movement—that for nuclear-free cities. This began with public initiatives in individual municipalities. Today, in Japan alone there are 550 nuclear-free cities, in Spain—350, Belgium—281, Britain—150, Ireland—117, the USA—80, Canada—64, and Italy—53. In essence, this movement has become an independent political force that holds its own conferences and makes demands on the authorities.

The anti-war movements are characterised by an extreme diversity of the forms of protest: demonstrations and walks, collections of signatures to particular calls and the sending of letters to representative bodies, the picketing of military installations, the blocking of approaches to places designated for the deployment of medium-range missiles, the declaration of whole municipalities as nuclear-

¹ *The Programme of the Communist Party of the Soviet Union*, p. 23.

free zones, and the threat of civil disobedience. The initiative engendered by this mass movement is inexhaustible; it does not run dry, but rather encourages more and more diverse forms of struggle against the nuclear threat.

Communists are striving to take an active part in the anti-war movement and involve the working class in it. To this end they are disclosing the link between the struggle for peace and that for the social and democratic rights of the working people. Slogans are being put forward: "For the right to work, for peace and international security" (the Communist Party of Austria), "For a new policy, a world without nuclear weapons and work for all" (the German Communist Party), "Peace and jobs stand in one rank" (the Communist Party of Canada).

Bourgeois propaganda is spreading fabrications to the effect that Communists are striving for hegemony in the anti-war movements, for subordinating them to their own class goals; that they want to transform the struggle for peace into one for socialism, using the humanistic strivings of its participants to implement their own revolutionary designs. In the words of the ideologists of anti-communism, the communist parties intend "a revival of the Comintern's famous 'Popular Front' strategy".¹

The Communists' actual intentions are quite different since they proceed from the new realities. The political strategy elaborated in the past cannot be mechanically transferred to such a unique phenomenon of the world today as the anti-war movement. It is distinguished by its unprecedented ideological-political and organisational heterogeneity; it includes both revolutionary and non-revolutionary forces, while the common banner for all them is the striving to maintain peace on Earth. Communists do not support the line of the Popular Front, but that of creating a broad and flexible system of unions, agreements, joint activities, and constructive dialogue alongside respect for the independence and unique nature of the most diverse anti-war movements. Such a broad and contradictory interaction between the various socio-political forces is based on the principles of equality and consensus in the absence of a leading party. The political resolutions of the 11th Congress of the Communist Party of Greece noted: "The strength of the movement of the supporters of peace lies in its breadth and unity. So defence of peace demands that tendencies to bring the movement under the control of individual parties be overcome."²

Many participants in the anti-war movement support non-Marxist and even anti-Marxist views. In the majority of cases they see the world differently from Marxists and have different ideas concerning social development. But they genuinely and actively come out for peace, and in this sense they are travelling in the same direction as Marxists, as the parties of the working class. Communists not only do not encroach on the organisational and political inde-

¹ *Encounter*, July-August 1986, Vol. 65, No. 2, p. 76.

² *The 11th Congress of the Communist Party of Greece*, Politizdat, Moscow, 1983, p. 129 (in Russian).

pendence of the anti-war organisations, but also, while engaging in ideological polemics, demonstrate tolerance towards people with different ideas, towards their different views and beliefs, considering them as equal partners. "Of course," the 7th Congress of the Socialist Unity Party of West Berlin stated, "different views also engender different positions. But the full equality of all the members of the movement, intensive discussions, mutual preparedness for compromises, and agreement to keep to the consensus, create opportunities for conducting a united struggle."¹

At the same time, Communists take an active ideological stand in the anti-war movements and conduct a dialogue with their partners concerning world outlooks. After all, it must not be forgotten that, within the framework of the contradictory unity and interaction of social forces coming out for peace, a fierce ideological-political struggle is being waged over the programme goals, principles and orientation of the movement, the social basis of which is so heterogeneous. Among the participants, alongside progressive people, there are many who hold conservative views, and some are hostages to the ideology and prejudices of anti-communism, deliberately implanted by the enormous, ramified ideological apparatus of the bourgeois state. While genuinely supporting peace, they often cannot see the true source of the threat of war and show themselves to be under the influence of the ideological myths of bourgeois propaganda concerning the aggressiveness of communism. The pursuance by Communists of a class internationalist line unites the most consistent fighters for peace and neutralises the pro-imperialist elements that have sucked up to them.

Relying on a scientific theory, Communists disclose specifically the mechanism of the emergence and development of militarist trends in imperialism, show the possibility of alternative development of the economies of the capitalist states. Thus, the Communist Party of Belgium suggests the concept of a "peace economy", i.e., a programme of measures designed for peaceful development of the capitalist economy, the ousting of militarism, and the establishment of a New International Economic Order. Other interesting ideas designed to create a socio-political basis for the peace strategy have also been put forward: "a bloc of changes" (the Communist Party of Austria), "a coalition of peace and reason", "partnership of security" (the German Communist Party), and "the concept of a non-nuclear government" (the Communist Party of Japan).

Whether conservative or even anti-communist trends will come to predominate among the numerous streams of the anti-war movement, thereby splitting or weakening it, or whether the most progressive, anti-imperialist, internationalist line will come to the fore depends on the activity of the advanced class of the age, on its vanguard, relying on a scientifically substantiated programme of struggle and the traditions of proletarian solidarity, so essential for uniting all streams and trends of the anti-war movement. This is

¹ *Neues Deutschland*, 26/27. Mai, 1984, S. 6.

why, the activities of Communists in the anti-war movements are so important, as is a precise definition of their place in them. Actively participating in the struggle for peace, Communists help maintain the stability of the anti-war movements, ensure the successive nature of their development, their fighting spirit, and provide them with rich political experience accumulated by the workers' movement.

Broad opportunities for increasing their influence are also opened up before the communist parties by changes in the social basis of the communist movement and swelling of the working class with new strata of primarily non-physical workers: new workers connected with advanced technology, office workers and workers in the services sphere.

Bourgeois ideologists assert that, in connection with the changes in the social structure of capitalist society, brought about by technical progress, the communist parties "are left hanging in the air".¹

These assertions are refuted by practice. As already noted, as a result of the changes that have taken place in the numbers and role of the working class as a social force, its potential possibilities are increasing and, consequently, the basis for the communist parties to exert an influence is also gaining in breadth. Realisation of these possibilities is no simple matter, of course. On the one hand, the parties must feel the way towards the new strata of the working class connected with the centre and nerve of the economic system of modern capitalism, relying on advanced technology. At the same time, an alternative to the bourgeois policy of "technological rationalism" must be found in order to protect the interests of the strata of the working class that traditionally provide the Communists with their greatest support.

New strata of workers, as already stressed, have no experience of revolutionary struggle or revolutionary traditions. They entertain various anti-communist prejudices that hamper them in realising their own revolutionary possibilities. They are not sufficiently well organised either politically or professionally. All this tells on the general state of the workers' movement, and leads to certain defects in its development. The level of class consciousness of a certain part of the working class is falling, while the influence is increasing of reformist ideas and moods, especially among those strata of the working people that have not gone through the school of class struggle. At first glance it may seem that the workers' movement is gradually losing strength. It is obvious, however, that new inflammable material is accumulating deep within it for social battles at a higher level, on the basis of new demands meeting the level of the productive forces, culture, and science already attained and the social expectations connected with this level.

The workers' movement is developing according to the laws of dialectics—not evenly, but in leaps and bounds. Speaking of the changes in the workers' movement, Lenin wrote that they "took place imperceptibly, the proletariat rallying its forces behind the

¹ *The New York Times*, February 2, 1986, p. 6.

scenes in an unsensational way, so that the intellectuals often doubted the lasting quality and the vital power of the mass movement. There would then be a turning-point, and the whole revolutionary movement would, suddenly, as it were, rise to a new and higher stage. The proletariat and its vanguard, Social-Democracy, would be confronted with new *practical* tasks, to deal with which, new forces would spring up, seemingly out of the ground, forces whose existence no one had suspected shortly before the turning-point".¹ Something similar is happening today in the countries of the capitalist world. The intensifying contradictions between labour and capital and strengthening exploitation of the working people constitute the eternal motor of capitalism, which serves as a source of class struggle. It raises the workers' movement to a higher level that opens up new opportunities before the communist parties, too, and creates the conditions for strengthening their political and ideological influence.

The communist parties have already made serious steps towards the new strata of the working class. The documents of the communist parties stress the significance of working with the detachments of the working people who are engaged in new types of production and technologies. Thus, the resolution of the 25th Congress of the French Communist Party stresses: "Enterprises at the peak of technical progress will be subject to particular attention."² The path towards the new strata is not, however, an easy one. In the hierarchy of demands expressing their interests, it is those connected with an active role by workers in the system of social relations, with activities bringing creative satisfaction, with a striving towards comprehensive development, towards democratic freedoms, freedom of creativity, cultural amateur activity, rejection of consumer attitudes, the creation of the conditions for the self-expression of the individual that come to the fore. In their activities, the communist parties are striving to link these new demands with defence of the interests of the other strata of the working class, who are suffering as a result of the scientific and technological revolution. They are also fighting resolutely against the "new poverty", against attempts by monopolies to split the working people, to counterpose the workers and the unemployed, the prosperous and the poor. As stressed in the programme demands of the German Communist Party, social justice, prosperity and dignified living conditions must be achieved for all, and not a society of "two-thirds", which makes people outcasts; solidarity and prosperity are needed instead of handouts for the unemployed and ghettos of poverty.³

The work of the Communists to unify the various segments of the working class—the "traditional", "new", workers in the services sphere, office workers, marginals and foreign workers—is as yet far from completed, however. A synthesised platform of demands

¹ V.I. Lenin, "New Tasks and New Forces", *Collected Works*, Vol. 8, 1977, p. 211.

² *The 25th Congress of the French Communist Party*, Politizdat, Moscow, 1985, p. 168 (in Russian).

³ *Unsere Zeit*, September 4, 1986.

is being elaborated that would combine the interests and aspirations of all strata of the modern working class. To succeed in this means to offer a convincing alternative to the conservative course of a technological restructuring of the economy as carried out by the ruling circles of the monopoly bourgeoisie. The fundamental alternative to capitalism offered by the Communists is socialism. On the way towards this ultimate goal, however, an acute need has arisen for rebuffing attacks by bourgeois reaction, which is trying to consolidate capitalism, to raise it to another spiral of technical progress, and to monopolise the fruits of the scientific and technological revolution at the expense of the working class and all society. As the 8th Congress of the German Communist Party stressed, an alternative economic and social policy is required that would guarantee the interests of the working people and their striving for peace, social prosperity and the purity of the environment.

Communists are unmasking the fatalistic ideas imposed by the ruling circles to the effect that the technological revolution will inevitably lead to a rise in unemployment and deterioration in the working people's living conditions. The theses to the 17th Congress of the Italian Communist Party note that Communists "reject the idea that the modern industrial society must inevitably co-exist at the stage of the renewal of technology with mass unemployment, disqualification of the working people and a strengthening of the authoritarian nature of labour discipline".¹

The working class and democratic forces are capable of standing up to the "conservative wave" and, while still within the framework of capitalist society, of directing the technological revolution along different lines, meeting the interests of the working people and raising the authority and influence of the workers' movement, of communist and social-democratic parties. The programme documents of the communist parties in the capitalist countries have already outlined a number of demands designed to effect the transition from a conservative to a democratic type of the socio-economic development of capitalist society under the impact of scientific and technical progress. In connection with the profound changes in the structure of the labour force, the demand is being raised to create an overall state system for retraining production workers. In response to the cut in employment, it is being proposed that the working day and working week be shortened, while wages remain unchanged, and an improvement is being suggested of the system of social buffers (social insurance, unemployment allowances, and the like) that would serve to ease the serious consequences for the working class of the technical restructuring. More far-reaching demands are being outlined, including a restructuring of investments, of their redirection into the sphere of the social infrastructure and intellectual production, and the creation there of new, broad employment spheres. It is understandable that the realisation of these demands is connected with a political struggle for strengthening the influence of the working class, for democrat-

¹ *L'Unità*, December 15, 1985.

ic control over the development of the technological revolution, for expansion of the system of self-government by the working people in production and other spheres of social life.

The alternative solutions proposed, while not encroaching on the foundations of the capitalist system, ease the burden of the technological revolution for the working class, and create favourable opportunities for the realisation of far-reaching programmes of democratic transformations capable of opening up socialist prospects.

Assessing the activities of Communists in unifying the working class and elaborating specific programmes, taking into account the interests of all its strata, the conclusion may be drawn that there are no grounds for the forecasts of a relative loss by the communist parties of their roots in their social base. The root system of the communist parties is spreading further in the non-homogeneous environment of the revolutionary class, the structure of which is being modified and differentiated.

The growth of the political prestige of the communist parties in the capitalist countries largely depends on the expanding opportunities for their interaction with the communist parties of the socialist countries. The share of the influence of communist parties in political affairs has never depended on national positions alone, but to a considerable extent on the political might of the communist movement as an international force. And this might depend directly on the gains of the socialist system in practice. Nowadays, when a whole group of socialist countries is fulfilling the tasks of making the transition onto the lines of an intensive economy, when Soviet society has set out along a path leading to a new qualitative state, opening up a higher stage in its maturity, in the eyes of the broad public in the capitalist countries the programmes of socialist transformations put forward in the documents of these countries' communist parties appear more convincing. The words of Ernst Thälmann, the leader of the German Communist Party, who said that the victorious advance of socialism in the Soviet Union is the Communists' strongest argument now have a new ring.

Stressing the deep connection between the progress of socialism in practice and the advance of the communist parties in the capitalist countries, Herbert Mies, the chairman of the German Communist Party declared: "The better we are able to explain that socialism is a social system of peace and, at the same time, the social system that can and is actually solving the main problems of human survival which capitalism passes by, the faster the attractive force of socialist ideas will grow, and the faster the knowledge will spread that the socialist alternative is required in our country, the more favourable the conditions of the struggle will become for us. Propaganda of the successes scored by the socialist countries will do much to accelerate the advance of our party at the current stage, too."¹

There can be only one conclusion: the difficulties faced by the

¹ *Unsere Zeit*, October 31, 1985.

communist movements are ones of growth, of rising to a qualitatively new and higher stage of development.

Of tremendous importance for the growth of the communist movement is its international solidarity. At the initial stages of its development, international unity was implemented within the framework of a worldwide organisation—the Communist International. This form developed to meet the objective requirements of the movement, assimilating the historical experience of Leninism. At the current stage in the mutual relations between the parties, democratic norms formulated in the documents of international conferences of Communists have taken shape and are in operation: independence and equality of parties, and non-interference in one another's affairs. These norms respond to the diversity of conditions and experience of the parties' struggle, the objective differences between the places they occupy in the world liberation movement, and their striving to gain political influence in their own countries. At the same time, Communists are linked by ties of international solidarity. The principle of proletarian internationalism includes revolutionary solidarity and recognition of the full independence and equality of each party.

In recent years the dialectical concept of the unity of the international communist movement has been further developed. The diversity and contradictoriness of the modern world are naturally reflected in the positions and forms of activity of the parties, and this broadens the opportunities of the movement, allows better account to be taken of the national and specific historical situation, the interests of the various social groups and strata of the population in each country. Owing to the diversity and differentiation of the specific tasks and practical experience of the parties, the international unity of the communist movement cannot assume any set shape. It is a dynamic system of views and positions, differing on specific issues but linked by common basic principles of theory and the policy of scientific communism. "We do not see," runs the Political Report of the CPSU Central Committee to the 27th Congress of the Party, "the diversity of our movement as a synonym for disunity, much as unity has nothing in common with uniformity, hierarchy, interference by some parties in the affairs of others, or the striving of any party to have a monopoly over what is right. The communist movement can and should be strong by virtue of its class solidarity, of equal cooperation among all the fraternal parties in the struggle for common aims."¹

The heterogeneity of the international communist movement and of the tasks its particular contingents are resolving, sometimes engenders disagreements and contradictions between them. Ultimately these are decided by the practice of social development. Of major significance in achieving unity are exchange of experience, ideas, and tolerant, friendly discussion of any problems that might arise.

The requirement for a strengthening of the international solidar-

¹ Mikhail Gorbachev, *Political Report...*, p. 91.

ity of Communists is becoming increasingly urgent. This is because of the need to pool efforts in the struggle for peace and protection of life on Earth, the growing internationalisation of all aspects of human life, and the requirement to give an effective answer to the activities of the transnational corporations. It is also engendered by the intensification of the global problems of the day, the solution of which impels us towards coordination of activities of the vanguard forces of social progress.

The international cohesion of Communists is particularly important today, when it serves as one of the chief preconditions for broader international solidarity. This was discussed by Alvaro Cunhal, General Secretary of the Portuguese Communist Party in his greetings to the 27th Congress of the CPSU: "The strengthening of the unity of the international communist movement is a decisive factor for co-operation and consolidation of the forces of peace, democracy, social progress, national independence and socialism."¹

Lenin noted that "Communists must not stew in their own juice."² Lenin's idea is particularly topical in connection with the broadening composition of the forces opposed to capitalism. Communists seek forms of co-operation with them, come up with initiatives that will make joint activities possible. The communist parties put forward platforms and slogans reflecting the multifarious interests of the democratic strata, including the general human striving to save civilisation, improve the conditions of existence, preserve the environment, and raise the level and quality of life. The interrelations between Communists and the multitude of democratic movements and organisations no longer fit within the usual concept of alliances, being a broader interaction of social forces. The communist parties put forward ideas of the "convergence of left-wing forces", a "new unity of the working people", "unification of left-wing forces", "formation of a new majority of the people". On the international, regional and national levels, a process is under way, though sometimes encountering difficulties and contradictions, of the strengthening of co-operation between Communists and Social-Democratic, socialist, and revolutionary-democratic parties, mass democratic movements and organisations. Such a dialectical unity of diversity, which "covers the entire living fabric of the socialist world, the working-class, communist and national liberation movements, of all movements against reaction and aggression, for peace and progress"³ takes shape far from easily, yet inexorably.

An essential condition for the communist movement to fulfil its vanguard role in the world revolutionary process is the creative development of Marxist-Leninist theory by the collective efforts

¹ *Greeting to the XXVII Congress of the Communist Party of the Soviet Union*, Moscow, 1986, p. 229 (in Russian).

² V.I. Lenin, "We Have Paid Too Much", *Collected Works*, Vol. 33, Moscow, 1976, p. 333.

³ Mikhail Gorbachev, *Selected Speeches and Articles*, p. 252.

of the fraternal parties. This theory studies the essence and functioning of social laws and, like any science, is single, and cannot be broken down according to national or regional features. The development of the theory given the modern diversity of activities cannot, however, but proceed through comparison of views that do not coincide on every point and reflect the differences in the national experience of the communist parties. The Marxist-Leninist teaching is also enriched by the dialogue with other socio-political movements, which in their specific experience illuminate and condense certain aspects of the complex and contradictory realities in the world today.

Speaking graphically, the theory of Marxism-Leninism is like the trunk of a huge tree that is nourished by a ramified root system drawing on the wealth of world-wide experience in all its diversity. The thick branches of the tree represent, as it were, the creative application of the principles of this great teaching to the specific conditions of different countries and regions. Essentially, this image illustrates Lenin's precept that the Marxist theory "grows out of the sum total of the revolutionary experience and the revolutionary thinking of all countries in the world".¹

Speculating on the strivings of left-wing and democratic forces towards broad unity, the opponents of communism assert that the communist parties face a painful dilemma: either to confirm the traditional Marxist-Leninist credo, thereby taking the risk of becoming sects outside society, or to move in the direction of the Social-Democratic centre, thereby risking losing their goal and uniqueness. This is the joyless picture of the state of the communist parties in the capitalist countries as drawn by the ideologists of anti-communism. Their desire to bury the communist movement is great, but this is an unattainable goal.

Penetration into the deep-running trends of modern political development refutes the bourgeois ideologists' pessimistic forecasts. The communist parties are an inevitable result of the development of the workers' movement. They represent the consciousness and will of the advanced class of the age. They are the only political force to put forward a constructive alternative to the exploiter system. They constitute a movement with the deepest roots in social development, expressing the most vital interests of the popular masses. This is what makes the communist movement invincible and constitutes the earnest of the strengthening of its positions as the vanguard force of social progress.

¹ V.I. Lenin, "The Voice of an Honest French Socialist", *Collected Works*, Vol. 21, p. 354.

10

WHITHER THE POLITICAL SHIP OF STATE: LEFT OR RIGHT?

1. Party and Power

The 27th Congress of the CPSU emphasised in its analysis of present-day capitalism that the situation in the countries within the system is being exacerbated and is fraught with social explosions and political destabilisation, a theoretical conclusion whose precision and depth are illustrated by the development of capitalism itself. There are signs that the bourgeoisie is faced with fresh difficulties in maintaining its political power in the society. It is true that these signs are not always readily discernible, and not merely because they assume different forms in the various countries, so that they do not easily lend themselves to generalisation. Indeed, the essential process is mostly camouflaged by the trivia of kaleidoscopic political life in the capitalist countries.

But political life cannot present itself in any other way, for its tempestuous character is a reflection of the chaotic economic and social vital activity of the capitalist organism. The conflicts and situations of crisis which inevitably originate in such conditions are reflected in the political sphere in the form of differences and struggles.

The ruling classes are themselves not loath to add to the "political confusion", for the bourgeoisie is a past master in the art of maintaining and exercising power. The fact that it has now been in control in the capitalist society for several centuries is due not only to the various economic, social and other factors, but also—an aspect frequently overlooked—to its wealth of experience and its wide-ranging arsenal of ways, means and techniques of exercising power. One of these is the making of all kinds of noises in political life, with the clear aim of giving the discontented sections in the society the impression that something is being done and that there is, therefore, hope for improvement.

So the first thing in sorting out the formidable problem concerning the stability of the bourgeoisie's political power is to determine how the stability can be measured: what are the elements of the kaleidoscope of events that could be identified and regarded as

criteria for such measurement?

One of these is the character of political forces heading the capitalist state and the tendencies in their alternation in power. Three main forces have taken turns over the past several decades in running the capitalist state, either in a relatively pure form or in various combinations with each other. They are the right, the centre and the left. Such division is, of course, quite arbitrary, and it is also often deliberately confused in the course of the political struggle. Thus, bourgeois propaganda, not without design, counts among those who, in its opinion, are situated left of the centre.

In the most general terms one could say that the right, representing the most reactionary section of the bourgeoisie, are the most brutal and maximalist in standing up for their interests, whether at home or abroad. When it comes, for instance, to economic and social problems, the right put most of the burden on the working people, and the least—on the bourgeoisie; in foreign policy, the right strive not only to maintain the positions of capitalism, but also to win back, in most aggressive and bellicose form, what has been lost; indeed, their main aim is to restore the former correlation of forces, when that social system was stronger and more durable, and had more weight in the world. They frequently act as if the past has indeed been restored, i.e., they evidently overestimate the potentialities of capitalism, and underestimate the forces opposing it. Such an approach naturally implies special emphasis on every form of “strength” policy. It is expressed in the militaristic course in foreign affairs and in the strengthening of repressive measures in internal ones.

The centre forces (including moderate, reformist bourgeois trends, with whom the right wing of Social-Democracy is closely allied in practical politics) represent that part of the ruling classes which realises and accepts the need for more flexible methods in the maintenance of its power. These forces are aware that capitalism cannot prolong its existence without adapting to the changing conditions, without manoeuvring and resorting to compromise. The moderates are more realistic in assessing the present balance of forces both in the world arena and within the capitalist countries, and that is the starting point for their political strategy.

In domestic and foreign affairs they naturally make use of a very wide range of ways, means and techniques. Besides, one should bear in mind that within such a broad stream as the centre there are bound to exist trends and parties gravitating towards different policy scenarios, either more akin to the right-wing line, or, on the contrary, fairly far from it.

In the capitalist countries, left parties and movements are those which represent the interests of the working class and the working people generally. These interests can be represented with different degrees of fullness and consistency, with the pursuit of different objectives, either revolutionary or social-reformist. That is why it is wrong to group together such fundamentally distinct forces as, say, the Social Democrats and the Communists, under the head of “left”, as bourgeois politologists and propagandists often do.

The fortunes of social-reformist and communist parties are of crucial importance in studying the problem of the stability of the bourgeoisie's political power. The growth of the left and their support by the population shows that there is a spread of the critical attitude in the society to bourgeois parties and even to capitalism as a whole (social-reformist parties, without striving to undermine it, nevertheless frequently declare their rejection of the capitalist social system, and such declarations are sometimes believed and so the parties are supported).

When considering the problem of the bourgeoisie's political domination, the criterion of situation in the party sphere needs to be used with circumspection. One should bear in mind that the switch of power from one political party to another may be no more than a manoeuvre by the ruling class which does, of course, testify to its difficulties, but which does not yet necessarily mean a weakening of the political positions of the bourgeoisie as a whole.

But something else is likewise quite obvious. Whereas in the past it was fairly easy for parties and political forces to alternate in power in a game completely controlled by the bourgeoisie, nowadays, in the epoch of the general crisis of capitalism, with the sharply complicated conditions in which the ruling classes have to exist and are weakened, the alternation of forces ever more often tends to acquire a deeper meaning, first of all because it is, to some extent, forced, instead of being randomly tactical. Indeed, now and again it tends to go beyond the limits within which the ruling class would like to keep it. Nor can it be otherwise in a situation in which the balance of forces in the society tends to tilt against them, with other classes and strata also having their say—and an ever weightier one—in the political arena.

That is why it is fairly safe to regard the advent to power and the departure from it of this or that set of forces in the capitalist state as being more than an interlude in a cheap political farce; indeed, it could be a development testifying to the degree of capitalism's stability, to the stability of the bourgeoisie's rule. The change of forces in power in such conditions naturally becomes something of an indicator of the situation.

The experience of the past several decades shows, in particular, that the stay in power of parties representing the centre of the ruling class is basically a sign of the bourgeoisie's relatively "tranquil" domination.

That is so, first, because it is an indication of the trust which a sizable section of the society has in the transformative potentialities of capitalism, that is, in reformism; second, it signifies that the forces on the flanks, notably the left, have more or less been pushed into the background; third, the centre line is generally the safest and so the best mode of exercising power in a situation in which it is ever harder for the bourgeoisie to launch sharp attacks against the working people (although that is done without hesitation whenever it can be done in virtue of various circumstances).

On the other hand, the appearance of the right and the extreme right in power is often a signal of stormy weather for capitalism, for

it is an indicator that the bourgeoisie is forced to resort to tough means to ensure its interests, means which are unsafe under the present balance of forces. This characteristic covers the many cases in which reactionary governments have recently taken over in the capitalist camp. One could object, of course, that since the right often come to power by means of elections, with the backing of rank-and-file voters, one should hardly regard their victories as a symptom of the bourgeoisie's difficulties, but rather as a sign of consolidation, because the right are the most outspoken champion of the bourgeoisie's interests.

However, there is no contradiction at all. It is simply that by means of various tricks and dodges the right have managed to carry a part of the masses with it and to induce them to vote for it, especially since all these developments take place in a complicated time, when many people succumb to a mood of alarm and despair, and tend to cast about and to behave without political logic. That being so, reaction can now and again carry a sizable part of the masses with it, and the most memorable and tragic episode of this kind was, of course, Hitler's advent to power in Germany in 1933, with the backing of the rank-and-file voters.

Finally, when parties representing the left come to power, this could signify a crisis for the bourgeoisie. One has to say "could" because one should bear in mind that far from all the left forces take an anti-capitalist stand, even when such a stand is actually proclaimed. When it comes to practical action, some parties turn out to be political kith and kin of bourgeois reformists and so are acceptable to the ruling class. But now and again victory goes to parties to which the bourgeoisie clearly wishes no success, and whose victory signifies a definite reverse for the bourgeoisie. One has to add, of course, that there is still a long way to go from such a reverse to the actual loss of dominant positions in the country, for even then the bourgeoisie retains control of vast real power, economic power in the first place, with a host of ways of exerting an influence on the public and pressure on the government. It makes use of all the techniques of struggle—from propaganda campaigns and economic sabotage to coups d'état—and the record shows that it is capable of exacting political revenge. But for all that, the victory of left-wing forces frequently signifies that a large part of the society has escaped from the political and ideological control of the bourgeoisie, and even when this is not entrenched in commensurate social transformations, it still remains evidence of a weakening of the domination of the capitalist class.

In the light of this view of the meaning of political shifts, let us look at the trends they bring out within the overall picture of the capitalist reality.

2. *Time of Bourgeois Reformism*

"It was better in the old days." That is what bourgeois politicians and scholars have recently been saying, and it is a rare politi-

cal book that does not either directly or indirectly try to make the point that life was more peaceful and the problems appeared to be more manageable from the 1950s through the early 1970s.

Indeed, not very long ago, the ruling classes of the imperialist states were on the whole more confident, at any rate when it came to the internal problems of capitalism. Confidence is, of course, a highly relative term in this context, since the class struggle and social tensions generally have never gone away anywhere. Economic complications have always been there. All of this naturally led to political tensions. Still, that period was economically more or less favourable for capitalism, at least against the background of the earlier period and of the most recent developments.

It was not only the economic aspect of capitalist existence that appeared to be relatively stable; there was, on the whole, some rise of hopes in bourgeois circles for a better future, and these hopes were stimulated above all by the STR, which began in the post-war years. Bourgeois ideologists tried to prove that the unprecedented progress in science and technology would yield for capitalism vast new material resources by means of which it would be able to eliminate or markedly relax the social tension and so radically to bolster its positions. The intention was to cement capitalism by means of some increase in social expenditures, which, it was assumed, would calm the working people and create a "class peace".

Relicts of that euphoria are still in evidence here and there. There was, for instance, the grand pseudo-scientific illusions of a wonderful future which bourgeois theorists then called the "industrial society" (Raymond Aron), the "new industrial society" (John Kenneth Galbraith), the "post-industrial society" (Bertrand de Jouvenelle, Daniel Bell and Hermann Kahn), the "cybernetic revolution society" (Robert Tiebold) and the "technetronic society" (Zbigniew Brzezinsky). These theoretical constructs had one thing in common, and it was the confidence that capitalism's tomorrow would be free from any serious internal tensions at the price of modifications of various kinds. These scientific dreams were bestsellers in the West, for they put readers in a good mood and stimulated their social optimism. Mass propaganda raised a deafening din in consonance with these hopes, striving to convince the masses that ahead lay the good life. The awakening of hopes for the future was designed to paralyse the discontent with the present, which was, after all, an old trick of the "distracting therapy" propaganda. Let us recall the loud advertisements of the "welfare state", the coming paradise for one and all under capitalism.

All this noise naturally had an effect on the masses, and some of them were confused and infected with optimistic illusions.

Consequently, the economic stability together with the artificial atmosphere of social optimism also gave the bourgeoisie some political firm ground for its footing. This was expressed in the growing influence of the centre forces, who came to the fore in many capitalist countries.

The parties representing the centre forces or close to them found themselves at the helm of the ship of state in many countries. In Britain, the Labour Party was in office from 1964 to 1970; in the FRG, the Social Democrats entered the government in 1966 (to form the so-called Grand Coalition with the CDU/CSU), and then became the main ruling party. In the United States, the Democrats were at the White House from 1960 to 1968. In Canada, the Liberal Party led the country almost throughout the whole period, with the exception of 1957-1963. The right wing of social democracy held strong political positions. In the late 1960s and early 1970s, 15 social-democratic parties were in power or within governmental coalitions together with bourgeois parties.¹

The rising influence of the moderate-centre forces was emphasised with equal eloquence by the fact that many right-wing, conservative parties were moving over to their positions. In the United States, for instance, the ruling Republican Party began to move to moderate positions even in the 1950s under Eisenhower's New Republicanism line. Returned to the White House in 1968, the Republicans continued their drift in the same direction. In Japan, the permanent ruling Liberal-Democratic Party, which had always been regarded as mainly conservative, likewise evolved towards moderate positions. The governments in power in the 1950s and 1960s (the Kishi, Ikeda and Sato cabinets) took a moderate approach in their practical activity, whatever the traditional slogans they ran. A similar evolution by the West German right-wing CDU/CSU bloc was also evidenced by their coalition with the Social Democrats. The British Tories, like the Republicans in the United States, were also modifying their traditional orientation, as is evidenced by a comparison of the tough right-wing approach to all problems by the Winston Churchill cabinet (1951-1955), and the line of subsequent cabinets headed by Harold Macmillan, Alec Douglas-Home and Edward Heath, whose policy was described as near-socialist by Joseph Keith, an ardent advocate of Margaret Thatcher's policy.² Let us also add that in Italy, the Christian Democratic Party switched from its right-wing line to a more flexible one (under the governments of Amintore Fanfani and Aldo Moro).

Finally, the growing role of centrist trends and ideas was also manifested and confirmed by the way capitalism has behaved in the international arena. We imply the cardinal trend of the swing (though rather forced) from the Cold War to detente, which emerged, gained in strength and reached a peak in the late 1960s and early 1970s. It is, of course, wrong to say that it originated only owing to the internal political changes in the capitalist states, for the shift to detente was influenced by a wide range of factors, primarily the key factor of the changing world balance of forces. The further strengthening of the military might of the USSR and of the other socialist countries, the growing pressure on the imperialist

¹ *Die Zukunft*, Vienna, early February, 1972, No. 3, p. 2.

² *Observer*, May 18, 1975, p. 10.

governments by the peace-loving public, and many other things had an important part to play. But there was also the growing influence of the moderate trends and their ideology. They are a force which sees the futility of resorting to rigid scenarios of relations with the USSR. And not because they have different feelings about socialism than the rightists. They are just more politically sober, have a better understanding of reality. In particular, they realise that it is better to consolidate the capitalist system by wider social manoeuvring, which requires greater material outlays and so makes it more difficult to switch funds to the military field, necessary for confrontation.

The panorama of capitalist reality did, of course, contain more than the growth of centrist trends. The right wing was weakened, but did not disappear, having partially taken on new and more subdued political colours, while partially operating in its old way. This was evidenced by the situation in Spain and Portugal, where fascism remained in power for a long time; and in Greece, which was ruled by a military dictatorship. In that period, the right wing in the United States also made an attempt to get hold of power (the presidential campaign in 1964 by the Republican candidate Barry Goldwater).

The forces standing up for the working people's interests likewise carried on an active and vigorous struggle in the political arena. Here are a few relevant examples.

In Italy, the Communists, who had been forced out of the government by the Christian Democratic Party in 1947, kept building up their positions throughout the whole period, and did so to such an extent that in the 1960s the succession of Christian Democratic governments saw the isolation of the Communists as one of their central tasks, devising diverse schemes and moves for the purpose (such as the formation of "left-of-centre" cabinets with the participation of the Socialists). There was likewise a growth of pressure from the left in France. In 1965, François Mitterrand, the common presidential candidate of the Socialists and the Communists, polled almost one-half of the vote, just short of the number won by Charles de Gaulle, round whom rallied all the bourgeois forces. The working people's class struggle in the United States gave an impetus to the strongest postwar rise in the mass democratic movement and generated a wave of more radical political attitudes which led to the emergence of the "new left".

However, despite the growing potential of the left-wing forces many members of the ruling class were convinced in the early 1970s that capitalism is on the upswing. If they had only known how shortlived their illusions would be!

3. Myths Are Myths

The greater the illusion, the greater the subsequent disappointment. That is what naturally lay in store for those who had come to believe that capitalism had developed a greater viability, and had

assured others that that was so. From the mid-1970s on, the capitalist world was in great confusion. For one thing, the premises on which the radiant hopes of the bourgeois ideologists had been based collapsed, and historical development itself was giving the capitalist system a reminder that it could expect no change for the better in its fortunes.

The strongest postwar economic crisis hit world capitalism in 1974, and it was followed by a period of heavy economic dislocations, many of which are still there. The crisis and the subsequent complications were not only extremely painful in themselves. The material basis for the mooted projects for the social and political cementing of the capitalist system was eroded. After all, the cementing was based on the assumption of steady economic growth as the source of funds necessary for this purpose.

The economic failures also had another effect: they blasted the hopes of controlling the bourgeoisie's own economic and social fortunes, a hope that had gradually strengthened in the bourgeois circles under the influence of the period of more or less favourable development in the economy. These circles had ascribed the favourable situation to the effectiveness of state regulation, instead of its actual causes, which were a transient conjunction of circumstances. The 1960s and the early 1970s marked the high point of the bourgeoisie's hopes of finally having saddled the shrewish economic stallion and being able to decide the social and political destinies of its system. Indeed, the sharp decline of its optimism likewise acted as an important element of the overall situation of crisis.

But the blows being inflicted on capitalism did not come from economic complications alone. The STR also helped to increase the difficulties. Far from being a magic wand for capitalism, the STR complicated matters when production shrank and inflation raged. The illusions about the STR helping capitalism, adding to its strength and eliminating some of its problems likewise grew dim.

The "welfare state" catchword used by the bourgeoisie in an effort to enhance the prestige of capitalism among the masses became invalid, for it could no longer inspire any confidence in view of the spate of economic and social troubles. From the late 1970s, the optimistic clamour over the "welfare state" was toned down and talk about it nowadays is rare and mainly sceptical.¹ A French sociologist insists that the very idea of a "welfare state" must be discarded as altogether useless.²

All these changes inevitably had an electrifying effect on the "lower orders" of the capitalist society, where there was a spread of disappointment, discontent and protest, while there was a state of confusion and sharpening struggle and conflicts of different trends and parties "at the top". That was quite natural, considering that the costs of all the collapses and failures as usual fell on the should-

¹ T. Wilson, D. Wilson. *The Political Economy of the Welfare State*, Allen and Unwin, London, 1982.

² J.-P. Simeray. *L'an 2000: apothéose ou apocalypse?*, Economica, Paris, 1980, p. 120.

ers of the working people, who were the first to suffer from the economic crisis, the subsequent complications and the negative social effects of the STR.

Nor did the capitalist class gain any confidence in its strength from international developments. The 1960s were a period in which the world bourgeoisie—rather, a sizable part of it—became aware that capitalism was no longer able to change the world to suit itself by means of force, and this led to the acceptance of the turn towards a relaxation of international tensions. However, in the light of the motivations of those who supported it among the ruling classes, the turn was not a straightforward one at all: not all accepted the detente wholeheartedly, without any ulterior motives; some were hoping to use the detente for subversive action against the socialist countries; some even saw it as a blessing for imperialist piracy on the international periphery. Those who made such assumptions were naturally in for a rude awakening, which came in the mid-1970s. Still, they complained loudly that the “West had got nothing out of the detente”, which turned out to be a “one-way street”, and so on.

4. Political Forces Polarised

Upheavals experienced by capitalism in the 1970s inevitably had serious effects in the political sphere. The working people and their parties intensified their activity, the struggle on internal and external issues within the ruling classes was sharpened, and shifts in the pattern of forces got under way. The overall picture of the consequences made it possible to judge of the bourgeoisie's capacity to keep the society under its political control in the present-day conditions, and to judge just how strong that control was. Let us, for this purpose, compare the contemporary development with the political consequences of similar upheavals in the past, say, the Great Depression of the 1930s.

At that time, the anti-capitalist forces were markedly strengthened in many countries, and the political mood of the masses was radicalised, a process evident in diverse and extensive manifestations. In some cases, there was a growth of the strike struggle and broader demands by the strikers (United States, Canada), in other countries mass movements of social and political protest got under way (Britain, France). The world communist movement grew substantially and increased its ranks in many capitalist countries. All of this, taken together, undoubtedly signified a political weakening of the bourgeoisie, and in some countries it had to resort to the most extreme and desperate means to safeguard its domination, by turning to the aid of fascism—the ugliest of everything capitalism gave rise to, as it did in Italy, Germany, and then in Spain.

But on the whole, the bourgeoisie proved capable of finding new resources for maintaining its political power. There was a turn towards reformism by the ruling classes under the pressure of circumstances in the United States, Britain, France, and some other

countries. While its origins cannot be reduced to the economic events of the 1930s alone, there is still no doubt that these provided a powerful impetus. Thus, such a central aspect of reformist policy as the intensified SMC regulation of the economic and social sphere was most immediately connected with the calamitous consequences which made themselves known in the 1930s within the free enterprise system based on minimum regulation.

Let us now consider against this background the political resonance of the economic and social upheavals of the 1970s and the early 1980s.

Of course, in none of the developed capitalist countries were the fascists installed in power. For the monster of fascism compromised itself to such an extent in the eyes of the broadest strata of the population that to galvanise it would be an extremely difficult and dangerous undertaking. It must be said, though, that on the periphery of capitalism, the establishment of fascist regimes continues to serve US interests, since they are puppets of the imperialist metropolis.

Continuing our political description of the period, it is right to draw attention to the phenomenon of the growth of national egoism, chauvinism and racism. The most reactionary section of the ruling classes keeps trying to hold fascism as a "reserve weapon". The generous hand of big business is manipulating the activity of neo-Nazis in the FRG, of the neo-fascists in Italy, the neo-falangists in Spain, the fascist National Front in Britain, and finally the "black international", which binds together many of the national detachments of fascism into a single body.

Generally speaking, the fact that the bourgeoisie has not resorted to fascism on this occasion does not yet warrant the assumption that capitalism is now more stable than it was in the 1930s.

The shift to the left, always a sinister prospect for capitalism, proceeded on a large scale. The growing strength of the "left-of-centre" parties and trends became a noticeable feature of the present-day political scene. Consider this fact alone: left-wing parties came to power in four West European countries: France, Spain, Greece and Portugal. In France, the Communists were a part of the government coalition for some time. Capitalist Europe had not been the scene of such a massive and successful offensive by the left for a long time. Not all of them, of course, behaved like true representatives of the working people once in power, but their ascend to power still demonstrated the trend towards the masses' ever greater escape from the power of the bourgeois parties and of the right-wing bourgeois ideology.

Here is yet another fact which made the present situation different from that of the 1930s. There was a definite decline in the influence of bourgeois reformism and the weakening of its parties and trends. Indeed, bourgeois-reformist parties kept losing their positions over the past period in virtually all the key developed capitalist countries, and now remain in power in hardly any country, a rare situation for the past several decades. But it is a natural one. The economic and social problems were complicated precisely just

when the centre forces were mainly in the forefront with their reformist ideology and corresponding political instruments. These forces and parties had to pay the political price: trust in them weakened "at the top" and "at the grass roots" of the society, but, naturally, for different reasons. The ruling classes were disappointed at these forces' failure to secure the social and economic consolidation of capitalism, while the working people saw the flimsiness of the "welfare state" slogans. But that is only a part of the explanation for the hard times through which the bourgeois reformism is now going. To be more precise, it does explain why the bourgeois-reformist parties have been weakened, but it does not give a clue to why their weakening has been protracted. The latter is due to the fact that this time the reformist wing of the bourgeoisie has been unable to generate new ideas to enthuse the masses and to breathe optimism into the ruling classes. The reformists are now everywhere seeking—and failing to find—"new answers" to replace the useless old ones. That is what happened in France, where the Socialist Party applied its social-reformist prescriptions without producing any long-term projects, and so had to go back on its tenets. That is what is now also happening in the United States, where the Democrats have been quite unable to renew their reformist (or liberal, according to the US terminology) platform, so having to face the conservatives ideologically disarmed passively drifting to the right.

But a victory of the right forces is not a very attractive prospect for the bourgeoisie. Bourgeois reformism epitomises the bourgeoisie's capacity for social and political adaptation, and the fact that—as developments suggest—this capacity is weakening, giving up its place to the reaction, objectively goes to create more difficulties for the bourgeoisie in maintaining its political influence in the society, a fact additionally borne out by the shift to the right of many reformist trends now under way in the capitalist countries. After all, the bourgeoisie has skilfully used mooted reforms to defuse the "social dynamite" and, in addition, make the working people believe that improvements were possible—an attitude of mind which likewise damped down the urge for struggle.

There is hope in the West that it is only a matter of time before some new scheme is invented for surmounting the present complications. But is it only a matter of time? Let us bear in mind that an army of theorists in the capitalist countries have been working hard since the mid-1970s on this new policy to replace or at least to correct the regulation that this time bankrupted itself, and to ensure "class peace" after the collapse of the "welfare state". Use is made of new conceptions like "information society", but there is no sign that these invested policy with concrete goals and perspectives.

But the conclusion that the bourgeoisie has to face growing difficulties in maintaining its political influence will carry conviction only in the light of an analysis of the current shift to the right in the political pattern in a whole group of states. The right-conservative wing, with its overt defence of the interests of monopoly

capital, has scored a number of victories in elections in some key imperialist countries. Does that not signify an increase in the ruling classes' political and ideological influence on the masses?

The shift to the right is a complex phenomenon, and its analysis suggests that it cannot serve as evidence of growing sympathies for the bourgeoisie. That there is a trend towards greater support of right-conservative forces within many of its national contingents is another matter. Apart from the above-mentioned disappointment in centrist-reformist policy, there was also another important factor, namely, the alarm for the present and future of capitalism which in the 1970s dispelled the erstwhile rosy illusions. Historical experience shows that when faced with crisis situations a large part of the ruling circles experience fear and even an irrational urge to mount an offensive against reality itself by means of a tough policy of suppression. There was also the impact of the traditional reputation of the right-wing and conservative parties.

The reasons for which many rank-and-file voters followed the right-conservative forces and parties naturally appeared in a different light.

There was the partial effect of the force of repulsion from the moderate-reformist parties and leaders, producing a stratum of "politically unsettled" voters who had once looked to the moderates and the reformists, and who were now at a loss for leadership. There was no inevitable reason for them to turn to the right. It would have been more logical to expect them to turn to the left, and many of them did, in fact, move in that direction. But some of them did go into the right-wing camp.

Why? We come here to yet another reason for the success of the rightists: their propaganda. It would be naive to assume that the conservative wing scored its victories by broadly announcing its reactionary views and objectives, such as its intention to exact "social revenge" from the working people. No, their electoral campaigns were not conducted that openly and impudently. They armed themselves with a range of demagogic propositions and slogans designed to win public sympathy at large. Thus, they presented themselves as fighters against bureaucracy and demanded less and cheaper government machinery, which had a positive response among the public. They paraded as champions of democracy by insisting (allegedly for the benefit of democracy) on a curtailment of state intervention in the economic and social sphere. The rightists needed such deregulation in order to whittle down the partial protection of the interests of the masses which the bourgeois state is forced to provide, but the rightists preferred to silence it. They argued for deregulation on the ground of concern for democratic liberties: the government's decrees and orders, they claimed, have all but suppressed the will of the society and the individuals, gradually developing into a "police state".

The rightists laid special accent on the demands to combat crime and to halt the decline in public morals. That is now a slogan for any party, but it is trumpeted loudest by the rightists. The fact is that the bourgeoisie has become adept at using the fight against the

breaking of the law in the interests of the nation and national security as camouflage for its class dictates. It has repeatedly alerted the society against militant action by the exploited by presenting these as breaches of the law and plain street violence. Some other parties, fearful that the anti-crime campaigns could be used for repressive purposes, seek to conduct these in strict accordance with their declared purpose, while the rightists have no such scruples and capitalise on this by creating the image of the most resolute champions of improving the moral health of society, though they themselves most frequently resort to terrorism and repression, gross violations of human rights, and suppression of any thought which is not to their liking.

A component part of the ruling circles' line of "correction" was militant anti-Sovietism, taken to hysterical proportions, the creation of an image of socialism that would not seem an attractive alternative to the public. Hence the accelerated inflation of stereotypes: the aggressiveness of the USSR externally and its anti-democratic nature internally. Add to this the whipping up of overt nationalism and chauvinism in the USA, and one can imagine the psychological situation in which the right-wing forces came to power. The main force that dragged the right-wingers to the top was militarism, anticipating billions of dollars in profits from the arms race.

Finally, there is a political and psychological reason for growing electoral support of the conservatives. The rightists are especially inclined to make loud and demagogic promises, and it is a part of their traditional style to vilify their political opponents and to issue promises of swift and radical improvements. This manner of political struggle has yielded some dividends precisely over the past several years, when attitudes of despair were broadly spreading in the capitalist society: the social optimism indexes taken in polls to find out how much faith people had in the future showed a postwar record decline of confidence in the future. Many instinctively looked to those whose promises were loudest and most numerous.

The behaviour of the middle strata is yet another factor being mentioned in connection with the current fortunes of the conservative wing. Bourgeois sociologists have repeatedly claimed that the rightists have mounted an effective offensive because they have the support of growing middle strata in the society, which are allegedly conservative-minded by nature. These middle strata are said to include half of the population in the developed capitalist countries. Moreover, they are expected to go on growing, i.e., to assure a very long, if not everlasting, domination by the right.

There are actually no grounds for such prophecies. For one thing, the middle strata (the petty bourgeoisie and some other strata) are acutally not all that large, apart from having no desire to look only to the right. The middle strata are close to the conservatives only on some points, such as cutbacks in expenditures on aid to the poor (the relevant programmes are funded from taxes levied on the middle strata, which do not benefit from these programmes). But these middle strata also want social policy to be further developed along such lines as the provision of pensions and medical in-

surance. The middle strata do not, of course, have any reasons for displaying solidarity with the rightists' tough foreign policy line. It is another matter that the rightists often manage to win over many members of the middle strata by using the instability of their political orientation.

Summing up, we reach the conclusion that the right wing does not have any steadily growing support among the middle strata of the society. There are other reasons for its growing number of votes, many of which are ultimately rooted in the subjective sphere and in political delusions.

That is not at odds with the fact that conservative governments have been in power in a number of countries for several years; they have so far not lost their positions, and have, in fact, consolidated them in some cases (the Conservatives in Britain in the 1983 election; the Republicans in the United States in 1984). That can also be explained.

Let us recall that soon after the installation of the rightists in office in some countries, their positions began to weaken. The 1982 mid-term elections held since then indicated that the voters have been turning away from the Republicans. In Britain, most political experts were convinced in 1981 that the Thatcher cabinet would last only until the next elections. Soon after winning power in 1982, the ruling right-wing bloc in the FRG suffered a series of local (*Länder*) election defeats, and this has continued up to now.

All of that was quite natural and was determined by the ruling parties' policies and their negative effects for the economy and international affairs. But then the situation underwent a change from which they were able to make political gains. A cyclical recovery of the economy began in some capitalist countries in 1983, affecting the United States most strongly and in the first place. The whole general capitalist conservative wing exploited it in its interests, and the political dividends turned out to be considerable. After all, the capitalist economy did not have a single "normal" year after the mid-1970s, and the task of putting the economic house in order had been stamped on the public mind as being the absolute priority and so also as the main criterion for assessing the activity of any state power. Since many believed that the change in the economic situation had been brought about by the conservatives, the latter were the ones to make political capital on it. Hence the viability of the right-wing governments. But it cannot be called a stable one, if only because the underlying factor is decidedly unstable.

There is yet another point against considering the rightists' electoral successes as a vote of confidence in capitalism by ordinary people. Bourgeois sociologists now write a great deal about the spread of disappointment in the capitalist society with the capacity of government to cope with the multiplying difficulties—no matter who is at the helm: reformists or conservatives. One West German economist, among many others, stresses that this disenchantment is felt most strongly in virtually all the capitalist coun-

tries.¹ It also did something to promote the victories of the right-conservative parties if only because it impelled the voters to turn their backs on the moderate-reformist forces laying special accent on the responsibility of government for everything that happens in the society. That being so, the growing strength of the rightists is evidence of a declining faith among the masses in the effectiveness of the political system of capitalism, and not the other way round.

How does capitalism's political scene look as a whole? The prevalent structure of the political spectrum of the 1960s and early 1970s, characterised by strong positions of the centre forces, has been eroded. That structure that looked like an expression of some consolidation of the bourgeoisie's power, has given way to another structure whose dominant feature is polarisation, a structure that does not bode well for the ruling classes.

5. *The Burgeoning Forces*

The longer the capitalist social system exists, the more it exposes its exploitative substance and anti-democratic nature, and the greater the part of the society which it pushes into the camp of its opponents.

But the growth and strengthening of the democratic forces is an uneven process. The ruling classes' prime concern is to slow down and, if possible, to reverse it, and to do so they are prepared to use any means, from inventive political manoeuvring to brutal violence. Some of this does, of course, yield results. The history of any capitalist country is not just a record of the gains made by the fighters against the exploitative system, but also of their defeats. The new social forces are strengthened only gradually as a result of their constant fight against the bourgeoisie, and not as a dominant tendency in each country at every point of historical time.

The vanguard of these forces were the Communists. Their struggle both for the most pressing and the more remote goals of the working class, and the fundamental interests of all working people was the most consistent. The Communists are the true champions of their countries' national interests. Their consistent progressive stand explains their successes, and their constant presence in the forefront of political life in the capitalist countries, despite the bourgeoisie's ceaseless efforts to push them into the background.

There is a vast and ever growing stratum of forces and movements diversely voicing discontent with the capitalist order, social inequality, lack of democracy, oppression, and aggressive trends in foreign policy engendered by that system. In contrast to the Communists, these forces and movements do not, of course, take an anti-capitalist stand; they do not make demands for an end to the capitalist system, and do not formulate theories for an alternative social system. They attack only some aspects of capitalism, and

¹ R. Dahrendorf, "The New Liberty: Survival and Justice in a Changing World", *The Reith Lectures*, Stanford University Press, Stanford, 1975, p. 95.

often even declare their urge to "correct" and "improve" the capitalist system.

But apart from subjective tendencies, there is also an objective content to this gigantic wave of protesting, demanding and denouncing organisations, trends, groups and movements. Their content consists in the fact that the social tensions in the capitalist world keep mounting and acute discontent has been spreading among ever broader sections of the population, with capitalism increasingly exposing its social instability.

The growing activity of the masses is also connected with the increasing anti-war movement, which in many countries is a sort of catalyst to other protest campaigns. The goals of these various movements are drawing closer together, their interaction is gaining strength, both spontaneously and in an organised way. The struggle for peace is more and more frequently becoming intertwined with that for ecological security, employment, and a rise in the standard of living. Now millions of working people are taking part in mass demonstrations under the slogans: "Work and peace!", "New jobs instead of new bombs and missiles!" In the USA, trade union organisations, Afro-American movements, religious and ecological groups take part in demonstrations for freezing the nuclear arsenals. In Western Europe, Australia, Japan and New Zealand, mass actions of protest are developing against the arms race, and for an expansion of social programmes.

The rise of mass democratic movements is characteristic of present-day realities under capitalism, says the new edition of the CPSU Programme. They involve men and women from different social groups and occupations: intellectuals, salary-earners, farmers, members of the urban petty bourgeoisie and ethnic minorities, women's organisations, young people and students. Nor is the breadth of their social compass the sole characteristic of these movements. Another essential feature is their activity outside the framework of bourgeois parties, and their search for their own ways, means and methods to attain their various goals. This means that the democratic movements are also an expression of the crisis of the bourgeoisie's political power and the incapacity of its political organisations to maintain control and direct the democratic protest along lines suitable to the ruling class. It does not matter that the protest has yet to mature ideologically to the point of opposing capitalism as such, or that the bourgeoisie still manages—and quite often—to weaken, undermine or neutralise many of these organisations in one way or another (and here its capacities and potentialities should not be underestimated). But none of that alters this basic fact: the class of capitalists is now faced with ever greater difficulties in the vital sphere of its political domination over the society.

11

THE FORTUNES OF BOURGEOIS DEMOCRACY

1. Apropos of a Criterion

There is no better way of gauging the state of the political system of capitalism and of the present-day capitalist society as a whole than by establishing the dominant changes in bourgeois democracy.

One should draw a clearcut distinction between democratic institutions and bourgeois democracy as a whole. The former may be built into any democratic system and they—or at least some of them, such as people's representation and universal suffrage or freedom of speech—are everlasting. They are not an invention of the bourgeoisie, although it is bourgeois revolutions that first paved a broad way for them. They are the outcome of age-long struggle by the popular masses for their rights, and one should bear in mind that much of what is habitually called the bourgeois freedoms were first won by the "third estate" from the feudal lords, and then by the proletariat from the bourgeoisie in sustained and bitter class battles.

Another question that needs to be answered is: what is the present situation to be compared with? After all, the record of capitalism in the 19th and especially in the 20th century abounds in sharp social swings, crises, wars and revolutionary explosions, so that the level of democracy has not just changed, but has, one could say, swung from one extreme to the other, as far as the pendulum has leeway under capitalism. Let us add that in virtue of different economic conditions, historical traditions, balance of class forces, maturity of mass democratic movements, the relative strength of capital, the political culture of the population and many other factors, bourgeois democracy has assumed the most diverse forms. It is well known that even today it may exist in the form of a republic or a constitutional monarchy, when one considers the form of government; it may have full-scale foundation in law in the so-called *Rechtsstaat* or, on the contrary, it may rely mainly on political customs and traditions, it may be combined either with a parliamentary or a presidential form of power.

But for all the distinctions of bourgeois democracy, it is possible to bring out its most elaborate and general model which accords with modern political theory and practice in the economically most advanced group of capitalist states. What is meant, of course, is not the prewar period, but the 1960s, when bourgeois democracy reached its historical peak. Because of the favourable economic outlook, the theorists of capitalism then had some ground for talking about the stability of their system and the effectiveness of bourgeois democracy. They also invented what could be called the scientific similes of this stability, such as the economic and social concept of the "consumer society" or the "welfare state", and the political concept of a "pluralistic democracy". Those are the points from which one could start the count-off for assessing the gains and losses of bourgeois democracy.

Government by the people is the main principle of democracy. With respect to bourgeois statehood, this concept has, of course, to be applied in a limited sense, for there can be no genuine government by the people under capitalism, because all the instruments of economic domination remain in the hands of one of the social classes, which is, besides, not a numerous one, but other classes and social strata and their political organisations can be more or less broadly involved in government under the bourgeoisie's inevitable political domination.

So, the question is whether the participation by the popular masses in running bourgeois government is broader in the 1980s than it was in the 1960s? Let us try to answer this question by going over the changes that have taken place (wherever they have) along all the parameters of the democratic process.

Let us begin with the *formation of organs of power*, the origin of the democratic process. One could say that it has been mainly preserved in the old form. The working class and the progressive camp as a whole in the capitalist countries has stood on guard of universal suffrage, one of its most important gains. For its part, the ruling class has not felt any special need to encroach on the principle of republican legitimism in view of the relatively favourable economic outlook and political stability. It is true that some archaic medievalisms are still around, such as the limitations on women's suffrage in the Swiss Confederation, but the elimination of fascist regimes in Spain, Portugal and Greece has led to the re-establishment of bourgeois democratic regimes in these countries, so that the overall balance could be seen as a positive one, with the reservation that this applied only to the group of economically developed capitalist countries.

Voter participation in elections is the next meaningful indicator. Absenteeism cannot, of course, be regarded as a straightforward indicator of a negative attitude to the authorities, for there are many other reasons for which a part of the population tends to take a passive and indifferent attitude to the outcome of political struggles. But the main reason is, undoubtedly, a lack of faith in the possibility of changing the course of political development by casting one's vote. From this standpoint, one could well

accept the view that absenteeism is a form of protest against the existing political realities.

Thus, in Great Britain, participation in parliamentary elections was as follows: in 1950–84 per cent of the registered voters, in 1959–78.7 per cent, in 1970–72 per cent, in 1979–76 per cent, and in 1983–72.7 per cent. In France, persons staying away from the polls in parliamentary elections came to 19.8 per cent of the electorate in 1951, 22.9 per cent in 1958, 18.8 per cent in 1973, and 28.5 per cent in 1981.

The United States is at the top of the absenteeism league, and while voting patterns in other capitalist countries differ depending on the political outlook, in the United States the curve has almost steadily sloped downwards: 37 per cent of the voters did not go to the polls in the 1960 presidential elections; 38 per cent in 1964; 40 per cent in 1968; 44.6 per cent in 1972, 45.7 per cent in 1976, and 47.5 per cent in 1980. Since nearly one half of the citizens entitled to vote refused to express their will, while the remaining half is naturally divided between the Republican and the Democratic party candidates, it turns out that the head of the US Administration is elected by just over a quarter of the electorate (28 per cent for Carter, and 26 per cent for Reagan in 1980). Another peculiar point is that while the number of those who failed to vote for reasons of ill health, lack of time and other innocent reasons has not changed to any considerable extent, the number of those who did not go to the polls because they "didn't like the candidates" has been growing.¹

It does not follow, of course, that this trend will continue ad infinitum, because in the capitalist society there is a more or less stable and politically active section of the population regularly taking part in the voting. There may also be flare-ups of interest in the outcome of some election because of a burning issue confronting national public opinion, but on the whole the growth of absenteeism is an incontrovertible fact, and this ultimately means a decline in citizens' interest in the functioning of the political system as it now exists. This has also made itself known in Western Europe and has even affected Japan, where it has been less known up to now.

The *outcome of the electoral process* is the next point of interest. The only criterion here that can be an indicator of a rise or decline of democracy is success or failure of the left forces in winning seats in parliament and so taking part in the formation of government. This means primarily the position of the communist and workers' parties, but also relates to the socialist and social-democratic parties. Although the latter do not in any sense seek to attack the pillars of capitalism, and in some cases do not even risk putting through the reforms declared in their programmes, one has to bear in mind that their electorate consists mainly of various contingents of the working class, petty bourgeoisie and intelligentsia, that is, the popular masses in the broad sense of the term.

¹ *The Gallup Opinion Index, 1980*, Report No. 183, December 1980, p. 29.

Leaving aside arithmetical calculations, which do not tell much in these circumstances, one has to reach the conclusion that over the past two decades the left and the right have been more or less equally balanced. In the FRG, for instance, the Social Democrats ceded the role of the ruling party to the Christian Democrats, and in Britain, the Labourites to the Conservatives, whereas in Spain, Greece, Finland, Sweden and several other European countries the Socialists were voted into power.

These observations could well suggest that bourgeois democracy continues to thrive, and that if it is incapable of advancing beyond some clear limits of progress (for instance, by going on from formal equality to actual equality), it has, at any rate, ensured sufficiently good conditions for the free political competition of all classes and social groups, which means that it accords with the view of it as a pluralistic democracy. That is precisely the conclusion which is being spread about by apologetic-minded Western theorists who keep extolling bourgeois democracy as being some conceivable peak and absolutely attainable ideal of social order.

Meanwhile, the peculiar thing about the present situation is that the *more or less favourable and normal functioning of the political mechanism on the surface of social life is paralleled by the very opposite processes within its entrails*.

What are these processes? How do they interact and interweave with each other, steadily leading to the degradation of bourgeois democracy?

2. *What Is Neo-Corporatism?*

Let us consider, first of all *neo-corporatism*, a phenomenon first identified in the 1970s. The "neo" is used to emphasise it in contradistinction to the social and political system of Nazi Germany, Italy and other fascist states, which was traditionally regarded as being corporatist.

There are many definitions of neo-corporatism, but most Western analysts are agreed that its main feature is an organisation of political life under which parliament, government and other organs of power merely formalise the compromise unofficially attained between the three "super-corporations": the state, capital and labour. This does not involve the conventional US-type lobbying, but a comprehensive and continuously operating mechanism which transfers the actual political process from the stage to behind the scenes, that is, deprives it of its democratic content and withdraws it from the surveillance of the press and even from the sphere of contending political parties.

In a characteristic discussion among Western politologists over the concept of neo-corporatism, some of them declare it to be fully compatible with democracy, while others, by contrast, sound the alarm. The former insist that neo-corporatism fully accords with the principle of pluralism, i.e., the free play of political forces, and even helps more fully to bring out its latent potentialities, because

it does away with excessive regulation of the decision-making process on the basis of a consensus among various sections of society. Others, by contrast, argue that because it makes it possible to act in obviation of the constitutional political system, neo-corporatism undermines the basis of the democratic order and that it is nothing but another version of authoritarianism. One US professor has reached the conclusion that neo-corporatism is worse than pluralism on every count: in the extent to which the various social groups can express their interests, in the extent to which these interests are actually taken into account in politics and economics, the extent to which the society is capable of controlling the decision-making process, and so on.¹

Liberal theorists are quite right in pointing out that neo-corporatism is undemocratic, but confine themselves to criticising it in formal legal terms. But its main danger lies in the monopoly bourgeoisie's attempt to wipe out the gains of the working-class movement and to deprive it of any influence on economic and political development. It is not merely that neo-corporatism is equivalent to the legitimisation of lawlessness and the raising of political deals to the rank of normal procedure. The point is that the workings of power modelled on market relations rule out the possibility and necessity of shaping the popular will. The fortunes of the "super-corporation labour" are often farmed out to the trade union bosses, who are, besides, integrated with the ruling stratum, with the result that even the limited and largely formal contest of interests which one finds under bourgeois democracy is replaced by a deal between class elites.

There is yet another aspect to this problem. Corporatism generally does not and cannot represent any kind of special type of social relations, some "third way" between capitalism and socialism, as some Western theorists strain to prove. It is merely one of the forms of economic and political organisation on the basis of present-day SMC. The historical record shows that it is an unstable and intermediate form, whose very emergence is a harbinger of another drive by reaction, for the ruling class develops an urge to transfer actual power behind the scenes and to conceal the decision-making process from public view only when the balance of forces in overt political struggle begins to tilt against it.

Let us recall that the corporatist stage of Nazi theory and practice in prewar Germany's social development evolved without hitch into the fascist dictatorship, and precisely as a result of the overt deal between the super-corporations: capital, as represented by the monopoly groupings of Krupp, Stinnes, Pferdemenges, and others; the state, as represented by Hindenburg and other leaders of the defunct Weimar Republic; and "labour" as represented by Hitler and his clique, which managed to poison the minds of a section of the working people, and especially of the petty-bourgeois masses, with their nationalistic slogans.

¹ Ph. Shmitter, *Democratic Theory and Neo-Corporatist Practice*, European University Institute, Florence, 1983, p. 22.

History most often shuns direct repetition, and there is still no ground even today to regard the corporatist trend as being the prevalent one. Nor is it right to equate the old, prewar and the new corporatism, which has not yet gone beyond the framework of bourgeois democracy. But the very fact that neo-corporatist methods have emerged in the political life of the capitalist countries is certainly a sign of its decline.

3. STR and Thought Control

Changes in bourgeois democracy are under the impact of the STR—such is the next major point that needs to be considered. This means, of course, a strictly defined area of the STR, which pervades virtually every sphere of material production and largely the spiritual sphere as well. Directly or indirectly, it helps to transform every aspect of social life, and some of its effects cannot yet be anticipated: they will have to be dealt with by coming generations. But there is one area of the STR which now has a most immediate effect on the political process, and it is the development of electronic or computer-based communications. The invention of microprocessors and printed circuits provided the starting basis for the emergence of a stream of innovations in industry, agriculture, transport, communications, everyday life, public education, medicine, office work, etc. The link-up of computers with automation has led to the spread of self-adjusting, if not thinking, machines—robots.

Futurologists were quick to proclaim that the world was entering a new era, an era of informatics and telematics which would, on its own, transform the face of the society and create a paradise on Earth, without any social cataclysms. That is, of course, yet another illusion, the latest techno-idyll, i.e., the hope that technical progress can help to cure the sores of capitalism, so making social revolution unnecessary.

While not absolutising the role of informatics, Marxists duly appreciate both the positive and negative aspects of its tremendous potentialities. Indeed, whereas in the past the extremely slow spread of information has been one of the main objective obstacles to the development of democracy, today any information about the state of things at home and abroad is instantly available to all. Radio and television help to publicise any political procedures, while the introduction of feedback could make it possible for people, within the next two or three decades, to have instant conferencing capacity—to take part in meetings and debates without leaving their homes. Jean Jacques Rousseau, for instance, spoke in favour of small states, which would enable their citizens to take part in decision-making directly, not through their representatives. Modern communications facilities also help to solve this problem. It does not take much imagination to see how instant sociological polls and referendums could be held by means of television on the scale of individual groups and within the framework of large states.

On the other hand, these same technical facilities can also be used to manipulate public opinion and to alienate masses of people from politics, and it is now being done in the West rather effectively. The mass media can be used not only to inform but also to misinform, to create a distorted picture of reality, to juggle and twist the facts, and to stir nationalistic feelings. Eavesdropping and spying are given scope by tiny acoustic and optical devices of which the snoopers of the past did not even dream. But even the most perfect electronic computers do not rule out the possibility of doctoring data and rigging returns—all one needs is to apply the appropriate techniques.

What then has been the prevalent trend in the use of the blessings of the STR? Has it been a boon or a bane? Has it helped to develop democracy or to despoil it? One has to admit that the latter trend has prevailed: an objective assessment of the state of political life in the capitalist countries leads to the inescapable conclusion that *greater thought control* has been one of the basic trends in the recent period.

One US journalist has suggested that there has been a reversal of public and private worlds; private men become public records, while public power is secreted into closed systems of private benefit. This reversal cuts at the very roots of the civic idea and turns citizens into "passive system inhabitants" and "subjects of bureaucratic manipulations".¹

He goes on to say that the bureaucratic form of social organisation, which is hostile to the spirit of individual independence, has been technically equipped with modern computers, so that the "computerised society", bent to the inhumane principles of profit and efficiency, becomes "transparent" for the administrative power, and "visible" along every line. The citizens of the United States now live in a kind of "dossier prison", inhabit a mopped-up social environment in which it is impossible to live without leaving one's traces. Existing in an ever more "transparent" society, locked up in a "dossier prison" means being under surveillance, without ever being sure that one is not being observed by means of a system of distorting mirrors. Our personal space is something like a colonial territory at the disposal of an external system of social inducements and handouts.²

Here is the testimony of US Supreme Court Justice William Douglas, the author of a dissenting opinion following the court's approval of eavesdropping under special conditions. He said: "The aggressive breaches of privacy by the government increase with geometric proportions. Wiretapping and bugging run rampant, without effective judicial or legislative control ... there begins to emerge a

¹ John Kurtis Raines, *Attack on Privacy*, Judson Press, Valley Forge, 1974, p. 11.

² *Ibid.*, pp. 17, 15, 26. Among the malicious invasions of the individual's internal territory, according to Raines, are the virtually prison-like control over real and alleged mental patients, the branding of people by means of IQ tests, and the humiliation of human dignity of government aid recipients, who have to keep the authorities informed of their every step.

society quite unlike any we have seen—a society in which government may intrude into the secret regions of man's life at will.”¹

Here are some relevant facts. The police machine in all the states of the United States has at its disposal an automated information system plugged into the FBI's central system, which is capable of collecting, storing and retrieving at a moment's notice unlimited quantities of compromising data about citizens. According to the US sociologist James F. Petras, the FBI's local office in Washington alone had more than 500,000 dossiers on groups and individuals under various degrees of suspicion among the minions of the law.²

One need hardly say that the police and the authorities do not use these dossiers to mail Xmas greeting to US citizens. All this information collected from wiretapping, eavesdropping and informers' reports are being effectively used in fighting dissent. The “dossier dictatorship” itself is being imposed by every possible means, including direct violence.

Under the overall control to which all US citizens are subjected, the most rigorous surveillance is established over the “marginal” social strata which are infringed upon for various reasons. According to Professor Richard M. Pious of New York University, “every nation has its winners and losers. In America the losers are the blacks, the Latins, the American Indians, the poor, uneducated whites, and others locked into inner-city ghettos or dispersed in depressed rural areas.”³

Without delving into the details of this vast and acute problem, let us merely recall the long and massive march by the American Indians on Washington in defence of their rights. The Indians are being annihilated by means of money, modern weapons, missionaries, extensive sterilisation, so-called development programmes, and organised training of terrorists and provocateurs at the CIA and the FBI, and all of this is being organised and funded by the United States.

The notorious Berufsverbote (jobs ban) in the FRG provides another instance of the attempts to establish thought control. Under a law passed in January 1972 (officially titled “Decree on Radical Elements”), the authorities have been empowered to control FRG citizens' access to various governmental offices, depending on their “attitude to the constitution”. Among those who are being harassed alongside government officials are teachers, lawyers, engineers, university lecturers, and so on.

Here is how the law is assessed by West German jurists. One of them, Werner Holtfort, says that even the Gestapo in 1933 did not have such a law at its disposal for the purposes of controlling dissent,⁴ while SPD Chairman Willy Brandt has declared: “There

¹ Cited from: Bill Severn, *The Right to Privacy*, Ives Washburn Inc., New York, 1973, pp. 37-38.

² *Le monde diplomatique*, “La repression dans les pays capitalistes avancés”, August, 1978, p. 3.

³ *Civil Rights and Liberties in the 1970s*, edited by Richard M. Pious, New York University, Random House, New York, 1973, p. 3.

⁴ *Der Spiegel*, No. 30/1976, July 19, 1976, p. 30.

is the danger that the FRG could become a country in which father mistrusts son, neighbour suspects neighbour, and citizens are spied upon by state agencies.”¹

As a result of the application of the above Decree, several million men and women have been screened for their frame of mind, so that support for the programme of the then ruling SPD provided the pretext for dismissal from government office in the provinces where the CDU/CSU was in power. Another ground for harassment was opposition to the spread of nuclear weapons, the presence of foreign troops on the territory of the FRG, the way school education was organised, etc. All of this has invariably gone hand in hand with high-flown statements about the “interests of freedom and national security”.

The undemocratic trends have assumed a peculiar form in Britain, where they are mainly anti-union and racist. The National Front, an alliance of racists whose proclaimed slogan is “Britain for Britons”, has been extending the scale of its activity with direct support from the police authorities.

Maurice T. Maschino lists numerous cases of violation of human rights and liberties in France, and asks: “Could it be said that a totalitarian system exists in the country?” His answer is “no” but, he goes on to say, “there is a system which, depending on the situation, tolerates or does not tolerate, permits or prohibits, grants or confiscates. In other words, our liberties are at its mercy, since, in its royal generosity, it has not so much given as lent them to us.”²

Another French journalist, Leo Matrasso, comments on the freedom of the press law: “The law is couched in such terms that anything which could at all appear foreign threatens to be excised. For instance, nothing prevents the minister of the interior from banning the entry of the works of Shakespeare into France, or from confiscating the Bible. So, a dangerous system is being created, and if a fascist regime should take over, it will not have to make many changes in the laws to suppress freedom completely.”³

Let us bear in mind that these are capitalist countries with the most stable democratic traditions, with centuries of struggle for civil rights behind them, and with an elaborate structure of special institutions for the defence of democracy. No surprise, therefore, that the state of things is much worse in many LDCs which are within the orbit of imperialism. One could say that Papa Doc and his offspring in Haiti, Stroessner in Paraguay, Pinochet in Chile and other similar tyrants have out-Orwelled Orwell in his *1984*, introducing that order in their countries long before the date, while under the patronage of the “world’s greatest democracy”, as the bourgeois ideologists and propagandists love to call the United States.

When the people of Nicaragua threw out the Somoza thugs and took the way of social transformations under the leadership of the

¹ *Stern*, Book No. 31, July 27, 1978, p. 52.

² *Le monde diplomatique*, April 1976, p. 11.

³ *Ibid.*

Sandinista Front, Washington raised a hue and cry about the alleged trampling of democracy in the country and launched what is, for all practical purposes, an undeclared war against Nicaragua with the aid of counter-revolutionary gangs. This is yet another fact in the long line of evidence for the following important theoretical observation: the practice of imperialism has now added yet another method to its arsenal of weapons for trampling democratic principles, and it could be called *interventionist*. The policy corresponding to that principle has been named "neoglobalism" by its architects, and state terrorism by world public opinion. The export of counter-revolution is acquiring the character of normal practice in US foreign policy.

Reactionary regimes have, of course, repeatedly resorted to direct armed intervention in the past in order to restore the rule of kindred class forces in other countries after they had been toppled by the revolution. In the early 19th century, all the monarchies of Europe joined in a "Holy Alliance" in order to restore the Bourbons in France; in 1871, Bismarck and Thiers made a deal to crush the Paris Commune through a joint attack. From 1918 to 1920, 14 imperialist powers got together in an effort to suppress the young Soviet Republic.

Still, anti-democratic interventionism has some specific features in our time, and so could be regarded as a new phenomenon. First, it now involves not only one-time punitive operations against revolutionary and democratic movements in other countries, but also constant interference in the support or restoration of reactionary or conservative regimes. An investigation of CIA activity in the late 1970s revealed that it used every possible means to prevent the Italian Communist Party from entering the government. Former CIA director William Colby admitted that, following the defeat of the Christian Democratic Party in 1953, "the CIA launched its costliest secret political action in any Western country".¹ Armies of phoney journalists, students, actors and other camouflaged emissaries of the US intelligence service were dispatched to Italy to prop up the sagging morale of the ruling class and to discredit the political vanguard of the working people. It was lavish in its provision of funds to the CDP, the centrists and the anti-communist leadership of some trade unions, in bribing the press, political leaders, etc. While US imperialism has been forced to observe some kind of decorum in a developed capitalist country that is its ally in NATO, it imposes the kind of order it wants in the LDCs, without standing on ceremony. To the long list of its crimes against the peoples have recently been added the invasion of Grenada, the undeclared war against Nicaragua, and the armed raid on Libya, training, supplying armaments to and dropping bandit groups into Afghanistan, economic and political blackmail of Poland, support of the rascist regime in South Africa, etc.

Here is, perhaps, one of the most serious symptoms of the degeneration of bourgeois democracy: a system which is kept going in

¹ Carrado Incerti, "Dollari Cia in Italia", *Europeo*, June 2, 1978, p. 41.

many countries only through constant foreign interference cannot be regarded as viable in the long term. And this applies not only to the countries where capital is no longer capable of maintaining its rule with the methods of bourgeois democracy and without external help, but also to the United States itself, the "protective centre" of capitalism today. The performance of police functions itself entails a deformation of democratic institutions in a state which has undertaken such a mission. Here is a curious admission by US Sovietologist Alfred G. Meyer, who writes: "In the name of anti-communism the American democracy has to some extent destroyed itself. The worldwide anti-communist crusade of the last thirty years may have been for the United States what the Sicilian expedition was for Athens, and the sortie of the mighty Armada for Spain."¹ Let us note that this warning was issued a few years before President Reagan laid down the ideological grounds for the traditional policies of the US hawks and trumpeted the start of his anti-communist crusade.

At this point we have reached *world politics*, yet another factor with a great impact on the fortunes of bourgeois democracy in the late 20th century.

4. Democracy and Militarism

For all the negative trends within the capitalist countries' political system, the reactionary offensive is confronted with a strong working-class and democratic movement capable of standing up for civil rights and preventing the establishment of totalitarian dictatorships. War and peace is an issue which is now much more acute. The imperialism-unleashed arms race has brought mankind up to a dangerous point at which it could well perish in a nuclear conflagration.

Here, US militarism is the chief culprit. The MIC's ruinous power is manifested in the monstrous scale of the militaristic buildup. Monopolies specialising in the making and marketing of weapons are concerned above all with the extraction of super-profits from the arms business, but the arms race is, of course, being spiralled not only for the sake of immediate gain: what is crucial here is the stake on the strength policy by the ruling imperialist stratum and its urge to maintain US dominant positions in the capitalist world and to impede the process of social change at any price. That is why to the concept of the MIC should be added the attribute "political".

Militarism has become even wilder in the 1980s. The annual military expenditures of the United States have topped \$300 billion, and have increased in most other NATO countries. The arms race was given a fresh impetus by the deployment of US Pershing-

¹ Alfred G. Meyer, "An Anti-Anti-Communist Looks at Detente". In: *The Soviet Union: the Seventies and Beyond*, edited by Bernard W. Eissenstat, Lexington Books, Heath and Company, Mass., 1975, p. 325.

ings and cruise missiles in Western Europe. Since the Geneva meeting between Mikhail Gorbachev and Ronald Reagan, the US military-industrial complex and its lobbies in the Congress and the administration have continued their stubborn resistance to the efforts to implement the summit accords and have gone on pushing through their programme to militarise outer space.

The crusade against communism has marked the high point of the political recklessness of US capital, revealing its readiness to fight for its positions to the last inhabitant of the Earth. Let us recall that even in the 11th century crusades were dangerous and futile for their sponsors. It does not take much imagination to see the outcome of such an adventure in a world saturated with nuclear weapons, with a rough parity in military strength between the two main military-political alliances of states, and with more than four tons of explosives lying in store for every man, woman and child on the globe.

The heralds of crusades are remarkable for their intolerance of anyone who refuses to accept their view of things. It is, after all, common knowledge that the ideologists of bourgeois democracy claim pluralism to be its main advantage, and this means a multiplicity of political power centres and free rivalry between them. How does that square with the declaration that the Soviet Union is an "evil empire", and with the refusal to recognise that it is perfectly legitimate for states with different economic and social systems to exist in the world? It turns out that the only thing acceptable to the USA is pluralism controlled by the country's ruling elite. The USA's policy of diktat and discrimination against countries not to its liking disorganises international relations and hampers their normal development.

The self-destruction of bourgeois democracy is mostly connected with nuclear weapons, whose possession gave the ruling monopoly stratum a means for maintaining its domination such as no other exploiter class ever had at its disposal. That does not mean, of course, that nuclear bombs could be used against striking workers or demonstrating peace fighters: police club, water cannon and tear gas serve the purpose just as well. The point is that just as in the early post-war years the United States tried to blackmail the Soviet Union with the nuclear threat, imperialism is now actually using it to blackmail the peoples of other capitalist countries. A mammoth propaganda machine is being used to implant in the minds of citizens the idea that the socialist East intends to win the capitalist West by force of arms, and that it will not stop short of starting a world thermonuclear holocaust to attain its objective. Malicious lie is understandable, but it has an effect on a poorly informed Western average man. That is the basis on which militaristic hysteria is being fanned, everyone who disagrees is branded as an enemy agent, and every progressive movement is suppressed.

5. Freedom and Equality: Slogans and Reality

There is, finally, a need to consider yet another fundamental factor which systematically erodes the basic principles of bourgeois democracy, namely, the *economic and social* factor. This is best done in the light of the amazing ideological phenomenon of the past several decades, i.e., the revision of the traditional slogans that are basic to the bourgeois political and juridical consciousness in its entirety: liberty and equality have been its alpha and omega since the French Revolution; an attempt is now being made to discredit and "cut off" equality by contrasting it with liberty, or freedom. Although such an attempt is being made for the time being by the conservative trend in bourgeois thinking, it cannot be seen otherwise than as a historical *volte face*.

Before considering the reasons for this ideological phenomenon, let us briefly recall the content of the bourgeois stage in the development of the ideas of equality and freedom. What is the legacy now being repudiated by the neo-conservatives and other theorists who seek to contrast these two great values? What do they intend to scrap?

What the bourgeois revolution signified was characterised in depth by Marx and Engels. In social terms, it meant that the two following principles were adopted as the pillars of the new social order: first, freedom of the individual, implying mainly the unlimited right to private enterprise and private property, and second, equality of all before the law, implying above all the possibility of unlimited exchange between commodity producers, including the sale and purchase of labour-power. The principles of freedom and equality, the founders of Marxism-Leninism emphasised, spring from the very nature of the capitalist mode of production, and it simply cannot exist without the two. That these principles under capitalism tend to become limited and largely formal is an equally natural development. One could say that freedom of the individual in the bourgeois society is not equally shared out, while equality is attained far from freely. Both exist to the extent to which the system needs them to function successfully.

The founders of the Marxist-Leninist theory stressed that the bourgeois revolution broke the shackles of feudalism that fettered the development of the productive forces, and signified gigantic progress for the whole system of social relations. But its class limitations and the preservation of private property and man's exploitation by man as the foundation of the social system made bourgeois democracy hypocritical. Lenin wrote: "An abstract or formal posing of the problem of equality in general and national equality, in particular, is in the very nature of bourgeois democracy. Under the guise of the equality of the individual, in general, bourgeois democracy proclaims the formal or legal equality of the property-owner and the proletarian, the exploiter and the exploited, thereby grossly deceiving the oppressed classes. On the plea that all men are absolutely equal, the bourgeoisie transforms the idea of equality, which is itself a reflection of relations in commodity pro-

duction, into a weapon in its struggle against the abolition of classes. The real meaning of the demand for equality consists in its being a demand for the abolition of classes.”¹

The range of arguments in defence and vindication of the rule of capital has been substantially widened by bourgeois science and propaganda over the past 200 years. With reference to some spheres of the social system, notably economics, these arguments have become so subtle that it is far from easy to see through them to the truth. But with reference to our topic, bourgeois ideology has been extremely barren in the spinning out of new arguments. It has kept referring to abstract man (someone who does not actually exist) and dolefully asserting that he is equal in rights and duties with all his fellow-citizens, so consciously ignoring the material conditions of life and the different property status of citizens, that is, ultimately proclaiming equality between the exploiters and the exploited, between the overfed and the undernourished.

Such propaganda has far from always achieved its aims, because the working people are aware of the true worth of bourgeois freedom and bourgeois equality from their own experience. The propaganda stereotype which has long helped to mislead the working people is becoming ever less effective in this age of general political enlightenment, a fact which has undoubtedly given an impetus to the extensive effort to find new concepts and arguments to back up the ideological influence on the masses and at least to reduce—if not eliminate altogether—the sharp discontent over the various manifestations of social inequality.

But for all its importance, it is not this, purely functional, cause that is paramount in the ongoing review of the traditional bourgeois interpretation of the ideas of equality and freedom, or rather, of the relation between them, to be more precise. There are more serious reasons.

The first of these is that over a long period after the Second World War, the advocates of capitalism remained firmly convinced that the STR-induced economic upswing in the capitalist countries would automatically ease the socially most dangerous defects of the capitalist structure of the economy. Their hope was that the rising skill standards would sharply reduce the income differentials between the various strata of the population, so equalising virtually the whole of the society within some “middle class”. Not wishing to mar this idyllic picture, futurologists simply ignored this painful issue: how was the “incomes revolution” to be squared with the preservation of private property?

Actual developments made nonsense of these hopes. It is true that the STR did produce some elements of equality, as compared with the earlier stages of capitalist development, and the sociologists who now muster an array of figures to show that high-skilled worker Smith now lives roughly as well as shopkeeper Adams, and that the living standard of both has come close to that of college

¹ V.I. Lenin, “Preliminary Draft Theses on the National and the Colonial Questions”, *Collected Works*, Vol. 31, p. 145.

lecturer Jones may be quite right. But none of that can refute the fact that there is a widening gap between a thin top stratum and the majority of those who are in the middle and low-income brackets. Even the leading Western economists now have to admit that the gap between the mass of those who work for a wage and the big capitalists, those who, directly or indirectly, take part in profit-sharing, has shown no tendency to narrow; indeed, it has widened.

Bourgeois propaganda has, moreover, played up the relatively high living standard of the bulk of the population in the developed capitalist countries as its trump card, preferring to ignore the fact that such wealth and affluence have been achieved and maintained largely through neocolonial plunder of the LDCs, while there is poverty and hunger in the periphery of imperialism. One should bear in mind that the inequality arising from the domination of capital cannot be measured without considering the relations between the colonies and the metropolitan countries, between the LDCs and the developed capitalist states.

The same equally applies to the problem of the inequality between nations and ethnic groups inhabiting the same capitalist state. It would seem that the developed capitalist countries, with their present wealth, could well remove the economic soil for conflicts between nations and ethnic groups. Indeed, the inventors of diverse social engineering concepts have tried hard to get the ruling class to look in that direction. Not so in practice. The discrimination against the blacks and other ethnic minorities has always been a permanent feature of the social order in the United States, while national and ethnic inequality has also been pronounced in capitalist countries like Britain, Belgium, Canada and Spain, where it had not been an issue until the recent past.

We find, therefore, that there is a further growth of inequality in all the main areas of life in the capitalist world, and that it is the immediate experience of the social lower orders and the oppressed nations, a fact bourgeois scholars have finally also had to admit.

Another reason for the incipient change in the interpretation of the slogans of democracy springs from the fact that socialism has proved—in practice—that it is possible to establish actual equality both in social and in ethnic relations. The establishment of social property in the means of production and the adoption of socialist principles in labour and distribution have signified gigantic strides in overcoming inequality. Indeed, the entire history of the building of the new society in the Soviet Union and the other socialist countries has effectively been an extension and amplification of social, economic and political equality, a process which is still going on.

What is of essential importance in political theory is not only a recognition of the facts, but also of the conclusions they suggest. While progressive Western sociologists have been induced to take a step towards socialism by the evidence that capitalism and equality are incompatible, the conservatives have decided otherwise: if equality runs counter to capitalism, so much the worse for equal-

ity! Nor have they merely turned their backs on an idea which had a place of honour as a part of the bourgeois outlook for two centuries: having been forced to part with the slogan of equality (and so deprived of its great propaganda value), the advocates of capitalism have tried very hard to discredit it.

That is why the dramatic metamorphosis in the interpretation of the everlasting ideals of democracy went beyond the proclamation that they were incompatible. The thrust of it was to downgrade the idea of equality and to declare that it was in conflict with the society's progress and the interests of the individual. In other words, the point was to carry out a subtle ideological operation to make all the social strata (and therein lies the paradox) abandon the demand for equality not only without any qualms but even with zest.

"Capitalism-freedom-progress", "socialism-equality-stagnation"—such is the neo-conservative formula which is now being adopted by other trends in bourgeois sociology as well. Speculation on the claim that economic efficiency is a function of freedom, and as such, is linked with the capitalist mode of production, rests on the mere fact that for the time being the capitalist system still has a hold on the economically most developed countries of the world. But one should bear in mind that even before the bourgeois revolutions, England, France, Germany and other West European states constituted the leading region of the world in terms of technical and humanitarian civilisation, with the largest number of discoveries and the then most advanced enterprises.

There is no doubt that as the more advanced mode of production, compared with feudalism, capitalism did markedly accelerate the development of the productive forces, but it would be ridiculous to suggest that capitalism alone is capable of providing a high economic efficiency. The fact is that mankind is now going through a period of its history in which socialism has yet to reveal all its potentialities, while capitalism has already exhausted its basic resources.

None of this should serve to deny that competition and private enterprise generally do operate as an incentive to developing production and raising labour productivity, since the urge for personal gain and wealth has been and—for the time being—remains a motivation for intense labour efforts, because for thousands of years people were brought up in a society whose law was the struggle for existence. But the whole point is that the new social system is capable of generating new and more powerful motivations for human effort. Socialism does not abolish differences in individual incomes and consumption depending on labour inputs, an approach which meets the requirements of social justice at the first, lower stage of the communist formation. Competition gives way to comradely emulation and concern for raising the society as a whole to a higher level of which individual well-being crucially depends.

There is no reason to doubt that socialism is capable of producing much better results and ultimately solving the general problem, formulated by Lenin as follows: ensuring a higher productivity of

social labour. It is only a matter of time.

The 27th Congress of the CPSU came out quite clearly on this score, putting forward the tasks of accelerating socio-economic development on the basis of scientific and technological progress and improving all aspects of the life of socialist society.

Here is another point to note. When the neo-conservatives declare equality to be a source of low economic efficiency, they ignore the obvious fact that it also had (and, naturally, continues to have) played an exceptionally important stimulating part in the capitalist mode of production, despite its limited application. There is no doubt, at any rate, that Western Europe's leading position in industrial development was attained above all as a result of the emancipation of the peasants from feudal bondage, the elimination of the estates, and the equalisation of private commodity producers on the market.

Equality before the law, like freedom of the individual (private enterprise) was the whip by means of which the bourgeois revolution drove on the West European economy, and while these principles are no more than formal and limited under capitalism, they have been and continue to be the condition for economic and every other type of progress, until such time as the socialist revolution invests them with a new, *not* limited and *not* formal principle. In other words, as the neo-conservatives attack equality, they also, in a sense, attack what is one of the pillars of capitalism.

However that may be, the important fact is that the neo-conservatives believe it now *pays them* to carry on an open campaign against equality and democracy, a new phenomenon in bourgeois political thinking which bears witness to the depth of capitalism's ideological and political crisis: *the bourgeoisie has now not only curbed equality in social practice, as it has always done, but has also disavowed the last remnants of the democratic content of its own programme.*

Before summing up, let us note that in setting out to assess the state and prospects of bourgeois democracy, we have had to deal with the most diverse problems, from the STR to world politics, and it may appear that these are irrelevant to our subject-matter. But these factors tend to exert such an important and growing influence on the capitalist countries' political system that it is impossible to understand the direction and character of the changes within that system unless those factors are taken into account. To confine oneself to the traditional juridical analysis of bourgeois democracy (however important it may be) would mean losing sight of the leading trend in present-day development: the internationalisation of mankind's economic and the whole of social life under the simultaneous progress of two great revolutions—the socialist and the scientific and technical revolution.

In the light of the foregoing analysis let us now summarise the relevant causal connections:

1. Signs of a distortion of bourgeois democracy have been clearly in evidence over the past several decades:

(a) since the rule of monopoly capital no longer has the safety

margin that could safeguard it from the vicissitudes of open political struggle, it is inclined to resort to neo-corporatist techniques in the exercise of power, thereby paving the way for the establishment—in extraordinary circumstances—of reactionary dictatorships. Neo-fascism is becoming increasingly active on the political arena;¹

(b) the ruling class has been making ever more intense use of STR achievements to bolster its domination by manipulating public opinion and keeping the working people away from actual participation in government;

(c) an international mechanism is being shaped to resist progressive movements, with the military strength of US imperialism having a central role to play (anti-democratic interventionism—"neoglobalism"—state terrorism);

(d) imperialist reaction has been attacking the working people's democratic gains, inflating anti-communist hysteria, and blackmailing the society with the prospect of a nuclear holocaust;

(e) the economic processes which tend to deepen social and national inequality are reflected in the rejection of the slogan of equality advanced by the bourgeois revolution.

2. The indications of the decline of bourgeois democracy do not signify a lowering of the value of democratic institutions, which in themselves have been and continue to be an important gain for the popular masses. The revolutionary working-class movement and the progressive camp, in the broad sense of the term, now have the potentialities for fending off the reactionary offensive and preventing the growth of negative trends in the political life of the capitalist countries. Lenin's idea of the struggle for democracy as a prerequisite of the struggle for socialism, and of the struggle for socialism as the condition for the establishment of genuine democracy remains on the agenda and, in effect, acquires ever greater significance.

At the same time, the conditions of this struggle today have been markedly complicated by the operation of these factors, and if the struggle is to be won, there must be higher political awareness, better organisation, greater cohesion and more vigorous activity by the fighters for democracy and social progress.

The course and outcome of the contest over the issues of democracy will largely depend on international developments. It stands to reason that an easing of international tension and real steps in curbing the arms race and in disarmament would create favourable conditions for safeguarding the democratic principles and institutions against the attacks by the reactionary forces. On the other hand, positive changes in world politics largely depend on the capacity of the progressive forces to uphold the democratic institutions and to work through them to get the governments of the imperialist states abandon their policy of militarism and aggression, and return to one of detente, as the most responsible policy in the nuclear age.

¹ *The Programme of The Communist Party of the Soviet Union*, p. 16.

12

INTERNATIONAL SECURITY IN THE NUCLEAR AND SPACE AGE

1. Realism of New Political Thinking

One of the tragic paradoxes of the nuclear and space age is that mankind, by acquiring tremendous power over the forces of nature, has come face to face with the threat of global annihilation. This paradox determines the dialectics of the development of civilisation in the age of the scientific and technological revolution.

Modern science is able to provide people with unprecedented, truly fantastic prospects for progress and, at the same time, can supply political adventurists with a weapon that, if used, will destroy all life on Earth. This is the glaring contradiction with which mankind has come to the threshold of the 21st century.

How, in the final count, will the world use these achievements of human reason? Will they be used for people's good or turned against mankind itself?

It would seem that human reason must give the sole possible answer: a choice in favour of creation, in favour of strengthening security. In the approach to this dilemma, however, fundamental differences between the two systems—the socialist and the capitalist—have revealed themselves in particular relief. The decisions of the 27th Congress of the Communist Party of the Soviet Union have demonstrated convincingly the inseparability of socialism and peace, and the historic mission of the USSR as the standard-bearer of the forces called on to deliver mankind from a nuclear catastrophe.

The 27th Congress of the CPSU put forward a *new political concept of a just and secure peace*, in which, in inseparable unity, theory will be merged with practice, politics with morals, and national with general human interests.

The Foundations of the All-Embracing System of International Security, formulated at the 27th CPSU Congress, specify the new political thinking with which the Soviet Union suggests that all its partners in the international arena enter the 21st century. The Foundations indicate the shortest and most reliable, truly political—in the highest sense of the word—way to solve the cardinal problems of peace: the prevention of a thermonuclear war, disarma-

ment, and guarantees of equal security for all states. The Foundations define precisely both the preconditions for and fields of, co-operation between states in solving other key global problems, too: elimination of poverty, disease, hunger and illiteracy, the establishment of a New International Economic Order, exploration of space, and the like. The Foundations constitute a programme, that is of truly global scope geographically and in the range of problems it covers. At the same time, it also takes, in generalised but precise form, quite specific account of the fundamental interests of all states and peoples—both large and small, nuclear and non-nuclear, developed and developing.

The concept put forward by the 27th Congress of all-embracing, universal security is based on a sober, realistic assessment of the state of international relations and the factors operating within them, on analysis of the correlation between trends of various historical depth and strength. International relations today are characterised by an increasing multi-dimensionality and mutual influence of the state of affairs at various levels: the political, military, economic, scientific and technical, cultural and the like. There is a basic difference between the two socio-economic systems, the interaction between them being characterised by the dialectical unity of struggle and co-operation.

For all the contradictoriness and conflicting nature of the modern system of international relations, the interaction between the socialist and the capitalist states, between the chief centres of capitalism, between the capitalist and the developing states, an integral, interdependent world is taking shape and putting forward the solution of the problems of security at all levels and in all spheres of international relations as the chief tasks.

The concept formulated by the 27th CPSU Congress of all-embracing and universal security has given rise to fierce political discussions and revealed a clear dividing line between those who think in the power categories of the pre-nuclear era, placing their narrow egoistic interests above those of the world community, and those who are breaking away from outdated dogmas and identifying their own national interests with overall human ones.

In these discussions, socialism represents advanced socio-political thought, acts as the bearer of the humanistic ideals of all mankind. Rejecting the traditional view of ensuring security, it comes out together with those who demand a new, realistic and responsible approach to world affairs in the nuclear and space age.

There exist two scenarios for international security by the year 2000, reflecting essentially the pre-nuclear and the new political thinking.

In answer to the question of what is to be done, the traditionalists, cultivating force, especially in its military form, propose a military-technological solution—an increase in armaments and preparations for different versions of a nuclear or conventional war. In Ancient Rome and at subsequent stages of historical development, the formula "if you want peace, prepare for war" was clearly ineffective. Today, in particular, under nuclear-missile conditions, its

application is tantamount to suicide. For those who think in the new way, there can be no doubt that the nature of modern weapons leaves no state the hope of protecting itself by military-technological means alone. The ensurance of security they consider as a task that can and must be fulfilled by *political means*.

As for the parameters of security, the traditionalists confine them to military and political framework. Those who think in non-orthodox categories believe that security cannot be ensured by efforts in the military and political spheres of international relations alone. The economic and humanitarian spheres cannot remain beyond its boundaries. In other words, *security must be all-embracing in character*. It must constitute an integral system, embracing all spheres of international relations without exception. Security cannot be built in isolation—in only the military, the political, economic or humanitarian sphere. To remove one component from the whole complex is to doom the entire system.

Finally, in answering the question as to how it is to be done, the traditionalists are governed by an egocentric approach, and place the interests of national above those of international security, and strive to ensure their own security at the expense of the other nations. The new political thinking rejects this approach. It proceeds from the fact that the supreme wisdom lies not in worrying exclusively about oneself, especially at the expense of the other party; all must feel equally secure. *Security*, taking international relations in general, *can only be all-embracing*. And, taking into account the relations between the USSR and the USA as the historically formed political and military poles of the two systems, it must be *mutual*.

Realism and responsibility for the fate of the peoples dictates a choice in favour not of the traditionalist, but of the new foreign policy thinking.

In the mutually dependent and mutually interconnected world of today, in which mankind is living with all its problems and contradictions, the first nuclear strike, if any country goes as far as that, would be an act of suicide. Death from radiation and "nuclear winter" ignore frontiers, be they those between states, geographical or ideological. The threat of destruction has equalised states and social systems, has inseparably linked them with a common fate, made survival the chief task of our times. Survival is inseparable from security, with which, since time immemorial, states and peoples have rightly connected the existence of reliable external conditions for their free, independent and peaceful development.

In the nuclear and space age, security cannot for ever be built on fear of retaliation alone. The price of continuing to follow the doctrines of "containment through intimidation" is much too high, yet this is how the USA is trying to justify its persistent continuation of nuclear tests, rejection of the SALT-1 and SALT-2 treaties, and undermining of the ABM Agreement. The spread of the arms race into space would be a serious and quite possibly insurmountable obstacle to a nuclear-free world, would make the boundary between peace and war even weaker and would constitute a permanent

threat to the security of each and everyone.

Moreover the appearance of new means of waging war threatens to hand over the political decision-making to computers and artificial intellect systems. As a result, mankind will be hostage to technology that, as the recent tragic Challenger catastrophe and the explosion at the Chernobyl nuclear power station have reminded us, is not infallible.

A refusal to stake on force, above all armed force, as a means for ensuring security is dictated not only by the destructive might of modern weapons. Probably of equal importance are a series of other political and economic factors operating to halt the arms race. For example, there is a great danger of a nuclear war breaking out by chance in a critical situation when any, including chance, unsanctioned actions of a military nature by the other side, are regarded with excessive suspicion, when there is an escalation of tension. Under such conditions a sort of resonance of the military-political interaction of the sides might set in, this being fraught with the danger of them being drawn into a war against their original intentions. Under modern conditions of global interdependence between states, security cannot be ensured even by settling all military and political problems. The threat of force also derives from the outstanding economic and humanitarian issues.

For this reason, the only rational scenario for a peaceful future for mankind is all-embracing and universal security, based on trust and equal for all.

Of course, the creation of such a system will not automatically eliminate all the existing difficulties and contradictions in international relations. Their dialectics have always taken shape out of a combination of antagonism and co-operation, and will continue to do so. But the system of all-embracing and universal security would create the conditions for co-operation to predominate in this dialectical interaction, and this would allow any problems that arose to be solved by peaceful, non-military means, and the confrontation would not be irreconcilable in character. Thus the survival of mankind in the nuclear age would be ensured.

2. The New Formulation of the Question of Security

The search for ways towards international security is nothing new, and the concept of collective security is well known, too. *The system of all-embracing universal security is qualitatively new concept* that does not merely draw in and specify but, most important, develops the ideas of collective security as applied to the nuclear and space conditions of our time. This is a *new, higher stage in the philosophy of world politics, characterised by the primacy of overall human interests.*

First, the task of collective security has not previously gone beyond the framework of eliminating existing or potential seats of war in individual regions. The UN Charter, which contains these principles and the mechanism for the functioning of collective

security, envisages only individual actions in relation to the threat of a violation of peace and acts of aggression. Arms limitations and the prevention of global threats created by outstanding social and economic problems do not fall within its scope. It is now security on a global, world-wide scale that is on the agenda, excluding not only the use of force, but also the threat of its use in all parts of the world and on all stages of world politics.

Second, collective security was created by one group of states against another—the potential aggressors. Security today is not geared against any state, but against a general threat to all mankind—that of nuclear weapons.

Third, collective security recognised military conflicts as inevitable and thus emphasised the halting of aggression. The new concept of security proceeds from non-acceptance of either nuclear or conventional wars. Alongside the creation of material and legal barriers to the use of force, it attaches extreme importance to measures of a preventive nature.

The concept of an all-embracing system of security contains in itself the preconditions for materialisation of a conclusion that is vitally important for the fate of mankind; in the nuclear and space age, all states and peoples without exception and mankind as a whole have only one possible course to follow without risking suicide—the course of rejecting methods of force for solving international issues and of settling them exclusively by political means.

Thus, in accordance with the new concept of security, the idea is to build a positive world, to use the terminology current among political scientists.

The concept of all-embracing and universal security contains the following distinguishing features.

A comprehensive approach. The new concept of security demands a restructuring of all spheres of international relations in such a way as to exclude from them the methods of war, force and diktat. The chief component of the system of all-embracing security would be non-military means for solving all international issues. Here lies the key to reducing the military confrontation of states on the basis of mutually acceptable agreements and the solution of global problems, to settling regional conflicts, rooting out terrorism, and organising co-operation between states in the humanitarian sphere. Previously, security was reduced mainly just to the military and political spheres, but it is now linked with the restructuring of the interaction between states in other spheres, too—the economic and the humanitarian. This constitutes further evidence that due account is being taken of the interdependence of the modern world.

Dynamism. The new concept of security is no static model. On the contrary, the creation of an all-embracing system of security is a constantly developing process of international interaction, a process characterised by a gradual, stage-by-stage transition from simpler forms of interaction between states to more complex ones. The essence of this process consists in the climate and the substance of international relations changing as it develops. A quite speci-

fic law operates within it—the more profoundly this process develops, the wider the character and volume of the obligations of states become.

Realism. This concept is designed not to “please” mankind by imposing a utopian scheme on it, but to implement the fundamental interests of all states and peoples—great, medium and small, nuclear and non-nuclear, developed and developing. It grows out of international practice and is not stamped “made in” any one particular country. Views concerning the problems of war and peace in the nuclear and space age held by sober-minded people in all countries, regardless of their political and ideological orientation, are represented in it in concentrated form. It merges the ideas of the multiple anti-war, anti-nuclear social movements, the Delhi Six, the Palme Commission, and the proposals of the socialist countries for a nuclear-free, safe world.

It does not replace the existing international documents and mechanisms that were created in the pre-nuclear age; on the contrary, its aim is to strengthen them, taking into account the new conditions, as well as the experience of co-operation between states under these conditions. The detente of the 1970s engendered a whole series of documents and mechanisms that have only consolidated the system of relations between states.

No one would be the loser as a result of the adoption of the concept of all-embracing and universal security, while the entire world community, existing agreements and mechanisms called on to promote the development of relations of peace and co-operation would benefit.

Humanism, a high degree of morality. Concern for the survival of mankind, i.e., for man as an absolute value, for reliable guarantees of his primary right—the right to life, is given priority. For the sake of this, *peaceful coexistence must become the supreme universal principle*—a principle enjoying priority over class, ideological, national and other considerations, a universal norm of international life. This means rejection of war as a means for resolving arguments, including the historical one between socialism and capitalism, since objective conditions have taken shape under which the confrontation between the two social systems can continue only and exclusively in the form of peaceful competition and peaceful rivalry. This means also an international order under which not military might, but good-neighbourly relations and co-operation would predominate; there would be an extensive exchange of the achievements of science and technology, and the values of culture to the benefit of all nations. This order would also embrace the relations between all states without exception. As a result, the horizons would be cleared for co-operation in the interests of science and technology, the development of production, the fulfilment of large-scale creative tasks between highly developed states, whatever social system they might belong to. Countries that have set out on a course of independent development would be protected against encroachments from outside, and this would facilitate their national and social advance. Favourable opportunities would be

opened up for solving global problems by the joint efforts of all states. It is now necessary to organise co-operation on a world-wide scale, and close constructive interaction between the majority of countries is required. This is another categorical demand of the times in which we live. Peaceful coexistence, a positive world and an all-embracing system of security are in the objective interests of all countries, and all nations.

Democratism. Under the conditions of all-embracing and universal security, there will be no place for the select nuclear club or for military-space vassalage. A democratisation will take place of the process of decision-making on the problems of war and peace. The atom and space—the common wealth of mankind—will serve the general good.

In deciding the question of the creation of a system of international security to the fullest extent account must be taken of the *critical significance of the time factor*. Military technology develops so fast that, as the events in the late 1970s and in the 1980s have shown, this development is substantially faster than the holding of negotiations on limiting and cutting armaments. Considering this experience, the situation that took shape in the mid-1980s demanded new bold and radical approaches to disarmament and arms reduction. There can be no more delays, otherwise such refined weapons systems will be developed that it will be impossible to come to an agreement on controlling them. Moreover, the appearance of new systems of weapons of mass annihilation is steadily reducing the time and opportunities available for adopting political solutions on issues of war and peace in the event of a crisis.

Under these conditions, the demand of the social forces for a peace race instead of an arms race is quite reasonable.

Military security is acquiring a new content. It must be based on the principles of rejection by the nuclear powers of wars against one another or against third states—both nuclear and non-nuclear, of not permitting an arms race in space, halting all tests of nuclear weapons and eliminating them totally by the end of the century, a ban on and destruction of chemical weapons, and rejection of the creation of other means of mass destruction. Military security must, furthermore, include a strictly controlled reduction in the level of the military potentials of states to that of reasonable sufficiency, the dispersal of military groupings, and as a step towards this—rejection of their expansion and the formation of new ones, and proportional and comparable cuts in military budgets.

The cardinal question of military security is that of *the approximate strategic balance between the USSR and the USA, the Warsaw Treaty Organisation and NATO*. An objective assessment of the military-political realities testifies that such a balance serves military-political containment and the maintenance of peace.

The central role in it belongs to the balance of strategic nuclear weapons, but a very important role is also played by that of conventional armed forces and weapons.

Parity with the USA in strategic nuclear weapons delivery systems was achieved by the Soviet Union by the beginning of the

1970s, in spite of all the efforts by the United States to maintain its nuclear supremacy. In subsequent years, the Soviet Union has repeatedly demonstrated its ability to maintain the balance attained, and not permit the USA to achieve any significant advantage in military or political terms, whatever means and methods it might use to this end. The enormous efforts made by the militarist circles of the USA in the 1980s have not achieved anything either. They have merely increased international tension and brought the tendency towards a fall in strategic stability into greater relief.

The current level of the balance of the nuclear potentials of the sides is far too high. The equal danger it poses for each of the sides cannot remain the basis for peace on Earth forever.

The continuation of this situation exerts a negative influence on the moral and psychological situation in the world. On the one hand, it makes millions of people fear a nuclear war—a sort of global stress situation that will inevitably increase as long as the arms race continues.

On the other hand, there also exists another psychological effect, connected with nuclear weapons, as noted in the Report of the Independent Commission on Disarmament and Security (the Palme Commission): underestimation of the danger of a nuclear war and complacency with respect to the current situation. "The tendency is most pronounced among many of the soldiers, diplomats, scholars, and political leaders who must deal with nuclear dangers professionally. No person can simultaneously plan for nuclear contingencies and truly comprehend the awesome events which might occur if those plans were implemented; the mind acts to protect the individual's tranquillity by perceiving the reality of nuclear war only in a superficial or mechanistic way... The same psychological mechanisms may cause those who analyse nuclear war as a possible instrument of national policy to underestimate drastically, even to themselves, the potential consequences of the contingencies for which they plan".¹

As the Austrian philosopher Günther Anders notes in his book *The Nuclear Threat*, there exists a quite specific tendency "to cover up fear of the nuclear threat with other fears... welcomed by certain political and military circles". As a result, "the absolute threat posed by nuclear weapons becomes relative, just a possible one among other threats, and a new threat emerges: the threat contained in forgetting the threat".²

The stockpiling and increasing sophistication of nuclear weapons increases the hypothetical possibility of a disarming strike against the opponent. The supplementation of means of attack by anti-missile and space weapons would further strengthen the illusions of the most reactionary forces concerning the impunity of certain

¹ Common Security. A Programme for Disarmament. The Report of the Independent Commission on Disarmament and Security Issues under the Chairmanship of Olof Palme, London, 1982, p. 42.

² Günther Anders, *Die atomare Drohung. Radikale Überlegungen*, Munich, 1981, S. XII-XIII.

types of aggression and would thus heighten the threat of a nuclear war even more.

In essence, the immorality of the current situation consists in the fact that the life of mankind is increasingly becoming hostage to nuclear destruction. The doctrines of "containment" or "deterrence", used to justify and perpetuate this situation, have already, for several decades, been used to justify imposing on the world of a ceaseless race in nuclear and other weapons. According to the twisted logic of these doctrines, the more weapons there are, the more realistic and monstrous the threat of their application, the stronger is security.

The state of affairs, according to research by a number of major Soviet, American and West European scholars, is such, however, that if, given the current level of nuclear potentials, one of the sides were actually to go as far as making a first nuclear strike, it would be suicidal because of the global consequences of the nuclear explosions, even if there was no retaliatory strike from the other side. In other words, the increase in armaments comes down to "zero security", total self-destruction.

As Soviet and many other scholars have convincingly shown, Reagan's programme of the so-called Strategic Defence Initiative (SDI) will unleash an arms race in an ever broadening range of areas.

"The main harm of SDI," Mikhail Gorbachev stressed in his Statement on Soviet television on August 18, 1986, "is that it dims the prospects in negotiations and widens the zone of mistrust. That is the whole problem. It is no less political than military."¹

The deployment of offensive space weapons might well be as important in terms of its military-strategic and political consequences for international relations at the turn of the century as the stockpiling of nuclear weapons was for the previous, postwar decades. It is primarily a matter of the creation of a large-scale anti-missile system, based on space echelons, mainly using weapons with directed energy transmission—laser and particle-beam. Advertising the plans for a global anti-missile system, their supporters try to prove that, from the military point of view, as a result of the creation of such a system, America's survival would be guaranteed. Contrary to such assertions, however, a large-scale anti-missile system with space echelons would far from complete the turn from "containment through intimidation" to total protection against strategic offensive weapons.

As Soviet and many other scholars convincingly show, in a nuclear war there are no effective means of defence and it is virtually impossible to create any. In reality, attempts to create a so-called "defensive weapon" against the strategic nuclear forces of the other side will inevitably develop into yet another factor strengthening the American "first strike" potential. It is not by chance that prac-

¹ Statement by the General Secretary of the CPSU Central Committee M.S. Gorbachev on Soviet Television on August 18, 1986; Mikhail Gorbachev, *Selected Speeches and Articles*, p. 590.

tical actions by the US Administration are now concentrated on speeding up the development of precisely this potential. Such a "defensive weapon" can give the country virtually nothing if it is subject to a sudden massive attack, since it is clearly not capable of protecting the vast majority of the population. The use of anti-missile weapons is most suited to precisely the attacking side, striving to reduce the effect of the retaliatory blow. Yet neither can it avert this strike totally. Even from a purely military point of view, SDI is very dubious.

A broad-scale anti-missile system, as noted in a special report by the Committee of Soviet Scientists in Defence of Peace and Against the Nuclear Threat, will at least complicate the task of containment, make it more indeterminate, since it will raise the dependence of survival and diminishing the harm caused by a nuclear war precisely on inflicting the first strike, in order to use the echeloned anti-missile system as a defence against the retaliatory strike from the country under attack.¹

All this provides grounds to consider the development of a broad-scale anti-missile system, in aggregate with that of such systems as the MX, Trident-2 (D-5), Pershing-2, NAVSTAR and others, yet another major and dangerous step in the direction of creating a US first strike potential.

The US anti-missile weapons may be considered as a means for ensuring a first strike, since the American side refuses to pledge not to be the first to use nuclear weapons.

Within the framework of the SDI Programme, about 50 per cent of all the allocations are oriented on creating various means of information: intelligence, targeting, navigation, communications, and control, including using artificial intellect systems. These means, according to the Pentagon's plans, may even before the end of the century also be used for other military purposes, including in "low intensity conflicts", even if the SDI Programme itself, as originally intended, does not outlive the Reagan Administration. The Star Wars programme, apart from creating nuclear space means, will thus give added impetus to the race in nuclear and conventional arms, land, sea- and air-based. This circumstance must also be taken into account.

That is why the Star Wars programme is a symbol of the obstruction of the cause of peace, a concentrated expression of militarist designs, a reluctance to remove the nuclear threat hanging over mankind, an embodiment of a shortsighted, narrowly egotistical approach to the problem of international security.

Hopes of ensuring a substantial political or especially military superiority with the help of the SDI are illusory, a dangerous misconception. Many right-wing and conservative politicians in the USA, as well as Western Europe and Japan, are more and more inclined to regard the SDI Programme primarily as a means for im-

¹ See *The Large-Scale Anti-Missile System and International Security. The Report of the Committee of Soviet Scientists for Peace and Against the Nuclear Threat*, Moscow, 1986 (in Russian).

posing on the USSR a ruinous arms race in a new, extremely expensive form, with the aim of undermining the Soviet economy. Their hopes—also illusory—are connected with forcing the Soviet side to implement similar programmes.

At the same time, opposition to this programme is gaining scope in the USA. The number of political and public figures and scientists coming out actively against the creation of a broad scale anti-missile system with space echelons and for a ban on anti-sputnik weapons are growing.¹ American scientists, in particular, stress that the Soviet Union can comparatively easily neutralise any echeloned anti-missile system by means of a wide selection of existing and potential counter-means, moreover, ones that are significantly cheaper than the space-based ABM system. Thousands of American, West European and Japanese scientists and engineers have refused in principle to participate in the SDI Programme, in spite of the most generous incentives offered by the Reagan Administration and the military-industrial corporations.

The wide selection of means for countering the space echelons of a broad-scale ABM—both active and passive—has been analysed in a series of investigations carried out by the Committee of Soviet Scientists in Defence of Peace and Against the Nuclear Threat. These means include “space mines”, powerful land-based lasers, various obstacles created on the trajectories of combat stations, radioelectronic means and others. Moreover, an effective network of counter-means could be substantially cheaper than the ABM space means themselves. The Soviet Union, as its leaders have declared, will, under all conditions, be able to ensure a powerful potential for a retaliatory strike. General Secretary of the CPSU Central Committee Mikhail Gorbachev has repeatedly noted that, if the American side refused to prevent an arms race in space, the Soviet answer will be effective, less expensive and realised in the shorter time,² moreover, not necessarily in space. And this answer will devalue the Star Wars programme.

The radically different course declared by the Soviet leadership in the event of the United States developing the arms race in space is of fundamentally defensive, economic and international-political significance. This course will allow all spheres of the building up of the Soviet Armed Forces to be provided with resources in accordance with the genuine interests of the security of the Soviet Union and its allies. It will demonstrate once again the illusoriness of the hopes of “exhausting the USSR economically”.

The new political thinking brings to the fore the *question of reducing the potentials of states to the level of reasonable sufficiency*.

¹ As a result of fierce debates in 1986 in the US Congress, under the 1987 fiscal year budget allocations for the SDI Programme were cut compared with the Administration's request by about 30 per cent, and those for testing an anti-sputnik system (air-based, using F-15 fighter planes and SRAM Altair missiles) against real targets in space were refused for a second time (as in the previous year).

² See *The Soviet-American Summit, Geneva, November 19-21, 1985*, Politizdat, Moscow, 1985, p. 40 (in Russian).

It is a question of each side maintaining only the armed forces necessary to carry out defensive actions to protect its territory and that of the members of its alliance, and not having the possibility of threatening to invade the territory of the other side. Consistent and full realisation of the principle of reasonable sufficiency presupposes complete and universal elimination of nuclear weapons. On the way towards this goal, however, several stages will have to be passed, during which nuclear weapons will remain in the arsenals of the sides. During some intermediary period the opposing sides would possess only the minimum nuclear potential that would suffice merely for a retaliatory blow of reprisal causing serious damage to the aggressor. The nuclear forces of the opposing sides, ensuring such a potential of minimum containment, must themselves, of course, be sufficiently invulnerable and reliably controlled. As the principle of reasonable sufficiency is realised with respect to both nuclear and conventional weapons, the means and procedures for supervising the observance of the corresponding agreements will be improved.

The means of control and the regime of the corresponding agreements must be such that any concealed or sudden violation of an agreement on ceilings for nuclear armaments and determining the potential of minimum containment would not lead to a qualitative change in the situation in favour of the side that violates the agreement.

The *question of military doctrines and conceptions* is acquiring growing significance in assessing the true intentions of military-political groupings and of individual states. This question must be tackled in order to eliminate the mutual suspicion and distrust that have accumulated over the years, and to deal thoroughly with each other's anxieties on this account, too. Such categories as military supremacy, counting on a victory in a nuclear war, and global hegemony, have outlived themselves and become mortally dangerous chimeras for all mankind. In the interests of security, military conceptions and the doctrines of military alliances must be based on defensive principles. This means a commitment never, under any circumstances, to initiate military actions against any other state, with the exception of rebuffing aggression, which also presupposes the maintenance of a balance of armed forces at the lowest possible level and a cut in the military potentials to the limits necessary for defence.

Both the members of the Warsaw Treaty and NATO declare the defensive character of their alliance, so there should be no obstacles to substantial mutual cuts in armed forces and conventional armaments in Europe.

The content of *political security* is also becoming substantially enriched. Its initial basis is provided by unconditional respect in international practice for the sovereign right of each nation to choose the ways and forms of development on its own.

The question of excluding from international relations any forms of conflict or crisis solution to disputes is acquiring particular significance. In practical terms, it is a matter of eliminating existing

and preventing new conflicts and crises on the regional and global levels.

In order to settle a given conflict or crisis by peaceful means, taking full and just account of the lawful interests of all sides, a political basis for settlement is required that does not infringe on these interests. Also necessary is a suitable mechanism for negotiations, which would make possible a constructive dialogue in each individual case. Two approaches to settling conflicts and crisis situations are possible: a radical one, i.e., an immediate halt to the dangerous development of the situation, and a stage-by-stage, partial one, not ensuring everything at once, but still effective enough for a gradual de-escalation of conflicts and crises.

It is important not only to eliminate existing crises, but also to do everything to prevent new centres of military danger from emerging. For this it is necessary to supplement the all-embracing system of security with a corresponding system of international law and order, which would ensure observance of generally recognised principles of civilised behaviour by states in the international arena, such as the non-use of force, non-interference in internal affairs, peaceful settlement of disputes, and respect for sovereignty. Measures of a preventive nature are also required.

Within the UN framework, there exists the necessary mechanism for settling disagreements. The Security Council enjoys extremely broad powers that, under the UN Charter, allow effective guarantees of international security to be created, and the maintenance and, when necessary, the re-establishment of peace in any part of the world.

The states finding themselves in conflicts and crises must, of course, be ensured a free and voluntary choice in each specific case of the settlement procedure and preventive measures.

The permanent members of the Security Council must objectively consider the reasons for, and internal factors of, conflict and crisis situations, listen to and take into account the interests of all the sides involved. The process of settlement and prevention should, first of all, be directed to finding a balance of interests of all the sides and to eliminating the factors that might give rise to the use of force or the threat of its use.

As for current crisis situations, political platforms have been determined within the UN and other international forums for a just settlement of almost all of them. Suitable negotiation mechanisms exist or could be created.

Realisation of this potential will facilitate, above all, a change in the policies of states and ensure that they correspond to the demands of the philosophy of a secure world. This means the use of exclusively peaceful political means for solving issues and recognition of the fact that there are no insurmountable problems. In order to free the world of hotbeds of aggression and armed conflict, the main thing is to put an end to interference in the internal affairs of Nicaragua and other countries of Central America, to the undeclared war against Afghanistan and to the aggression against the Arab states; to grant the Arab people of Palestine an opportu-

nity to create their own state; to put an end to the unlawful occupation of Namibia by the South African racist regime, and to the activities of the American and South African mercenaries in Angola and Mozambique.

At the same time, the agenda includes the formation of political security—the elaboration of fundamentally new actions—a complex of measures designed to strengthen trust between states, to create effective guarantees against external attack, and of the inviolability of frontiers. Of major significance is the elaboration of effective methods to avert international terrorism, including the safe use of international land, air and sea communications.

Thus, in the political sphere, too, the concept of creating an all-embracing system of security is filled with new material content capable of forming the necessary basis for mutual efforts of states.

Attempts to make progress in the sphere of military security depend on the state of affairs in the political sphere of security and vice versa create a false dilemma. There can be no doubt that, in principle, the one is not possible without the other. Yet two opposing conclusions may be drawn from this. The first, towards which the militaristic circles are striving, comes down to the existence of a vicious circle with no way out. As a result, the world community would be doomed to inaction in both spheres. The other conclusion, which is drawn by those who support the new political thinking, consists in the need for practical actions in all directions at once, leading to a secure world—both in the military sphere, by realising measures for disarmament, and in the political, by eliminating existing and preventing new conflicts. It is obvious that progress in one direction would cause movement in the other, mutually supplementing and supporting each other, opening up solutions first here, then there, and in general creating the preconditions for strengthening trust and reviving detente as a necessary stage on the way to all-embracing security.

An all-embracing system of international security must, moreover, be based on generally accepted principles of interaction between states in the *economic sphere*. For example, a major role would be played by the establishment of a New International Economic Order, guaranteeing equal *economic security for all states* and ensuring a stable predictable development of world-wide economic ties.

"Most of the countries of the world," stresses the UN Study on the Relationship Between Disarmament and International Security, "have come to conceive international security as including the achievement of a New International Economic Order. For them, substantial progress towards greater equality, including the narrowing and eventual elimination of the gap between the developing and the developed countries is part of the process of strengthening security."¹ Security is also inseparable from joint solutions of the global problems with which the fate of civilisation is linked.

¹ *UN General Assembly, Thirty-Sixth Session. A/36/597, November 19, 1981, p. 25.*

Security in the economic sphere must be based on exclusion of discrimination from international practice in all spheres, and rejection of policies of blockade and sanctions. The joint search for ways to settle the problem of indebtedness fairly must also be a vital basis for it.

A halt to the expenditure of material and intellectual resources on creating weapons of mass destruction opens up the most realistic prospects for releasing means for the purpose of assisting the developing countries. In general, the elaboration of the principles for using these means for the benefit of the world community, above all the developing countries, must inevitably become one of the bases for all-embracing security.

Finally, security in the economic sphere is called on to create the conditions for rational use of the resources of the Earth as belonging to all mankind, for solving the global problems that affect the very foundations of the existence of civilisation. To this end, efforts must be united and national possibilities combined on an international scale, and effective international procedures and mechanisms organised. One of the bases of security in the economic sphere could be international co-operation in the exploration and peaceful use of space, and the elaboration to this end of a materially well-supplied programme of joint actions by states in this sphere. Its realisation would help mankind enter the 21st century not with a suicidal arsenal of Star Wars weapons, but with a reliable material, legal and organisational basis for a Star Peace.

The new aspects of the conditions of the nuclear and space age consist not only in the economic, but also the *humanitarian dimension of security*. The very concept of all-embracing security is geared to fulfilling the most humanitarian tasks facing mankind—the prevention of wars, the guarantee of man's primary right, the right to live in peace and freedom. No one, however, is likely to deny the existence of an inverse relationship here, too. It is obvious that the organisation of truly civilised norms of international relations and co-operation also depends directly on a solution to the acute problems in the humanitarian sphere. Peace will not be firm while the forces of imperialist reaction crudely violate human rights and the basic freedoms, including the rights of whole nations. The explosive situations that have existed for many years in the Middle East, where the Israeli occupation forces have turned the Arab people of Palestine into refugees, and in the south of Africa, where racist terror is in full swing, convincingly confirm this.

It is generally recognised that wars are born in people's minds; and it is precisely in man's consciousness, in his psychology that a profound disgust for aggression must be created, where an understanding of the criminality and inadmissibility of any doctrines and actions proceeding from the possibility of unleashing a chain reaction of nuclear strikes must be inculcated. What reliable security can there be unless the stereotyped view of states as potential opponents is eliminated? "Images of the enemy" create a moral-psychological atmosphere making elementary trust in international organisations impossible. The range of actions in the humanitarian

sphere of security is quite broad, including a rise in the level of general objective information, mutual acquaintance of nations with one another's lives, the uprooting of all forms of discrimination, protection of human rights, and deepening of co-operation in the spheres of culture, art, science, education and medicine.

A categorical ban on propaganda of war, hatred and violence, and rejection of stereotyped thinking in hostile categories in relation to other countries and nations, are becoming a task of primary importance.

Through security in all the four spheres of inter-state relations, mutually intersecting systems of guarantees are created—direct and indirect, material and spiritual. A sort of integral merging is obtained of guarantees, cementing the entire system as a whole.

From the point of view of classical theories of international relations, *direct guarantees* mean limits on armaments and disarmament, prevention and settlement of international conflicts, and *indirect*—the state of relations in the economic and humanitarian spheres. Under today's conditions such a division, though it is still retained, primarily from the angle of the order of priority in solving existing problems, is becoming increasingly arbitrary, since a global conflict might arise from lack of settlement not only in the military-political, but also any other sphere of international relations.

In practical terms, it is the *question of the formation of the material and moral-psychological guarantees for security* that is coming to the fore. By *material guarantees* we mean actions that actually do something to avert the threat of war, and by *moral-psychological or spiritual guarantees of security*—a corresponding system of value orientations. Measures of a material nature in the political, military, economic and humanitarian spheres exert a favourable impact on the international climate, help to eliminate suspicion and develop mutual understanding.

At the same time, the *creation of a climate of trust* in relations between states is a *major independent issue*. Here large-scale measures are required, such as commitments not to be the first to use nuclear weapons, and specific actions, such as the spread of truthful information, rejection of claims to hegemony, of propaganda of racism, chauvinism and national exclusiveness, of preaching violence, the fanning of war hysteria, of turning the inevitable ideological struggle into a psychological warfare. Beneficial for the normalisation of the international situation would be a situation in which states with different political and ideological orientations might co-operate in defending the ideas of peace, mutual understanding and trust, in condemning propaganda of war, aggression, national hostility and racism. A task of primary importance in the nuclear-space age is to master science and art, to behave with restraint and care in the international arena, to live in a civilised way, i.e., under conditions of correct international relations and co-operation.

Also of a certain significance in the creation of a favourable political atmosphere are measures to strengthen trust in the military sphere, both of an informative and limiting nature.

The international climate does not create just a certain background for the formation and implementation of a system of international guarantees. In a certain sense it itself serves as a condition for universal security. *Social forces, the popular masses, parties, movements, and organisations coming out against a nuclear war and for consolidation of the foundations of universal peace constitute, under modern conditions, the most important social guarantee of peace and security.* The role of social forces in recent years has grown markedly and, in the foreseeable future, may increase even more.

The expansion of the social base of security furthers, in turn, the development in various social structures of a corresponding system of value orientations in the spiritual sphere. The formation of moral-psychological guarantees is of particular importance, since the social consciousness in a number of countries of the West is extensively and intensively subjected to manipulation through the mass media in a spirit of hostility and mistrust, in conformity with the social order of the military-industrial complex.

The realities of the nuclear and space age presuppose a realisation that a psychology imbued with national egoism and a counterposing of some nations to others, the ideas of struggle "of all against all", and built on the concepts of the permissibility of wars as a policy means, has outlived itself once and for all. Psychologically such stereotyped thinking whips up an atmosphere of fear and mistrust among the population, hampering mutual understanding between nations. The destruction of such stereotypes is an essential condition for the new thinking, which must not be based on artificially inflamed emotions and prejudices. In this connection, the question arises of a new social psychology—a *psychology of peace and trust*.

The psychology of the new thinking, indicates the eminent Soviet psychologist M.D. Vartanyan, corresponding member of the Academy of Medical Sciences of the USSR, must develop on the basis of productive, creative ideas. In its character, the new thinking must be creative, not reactive. By reactive we mean thinking based on the principle of response (reaction) by one side to the actions of the other. A reactive type of thinking creates a vicious circle of confrontation between the sides, is not sufficiently productive and bears little promise of achieving progress in halting the arms race. In contrast to this, creative thinking is based on ideas that are global in scale and positive in nature.¹

One example of a practical approach to the formation of such a psychology is the UN Declaration on the Preparation of Societies for Life and Peace, unanimously approved on the initiative of the Polish People's Republic by the 33rd General Assembly Session of the United Nations in 1978 (the USA and Israel abstained). It indicates specific methods for forming spiritual guarantees of security and serves as the basis for the activities of international organisations, especially UNESCO, in this direction.

¹ *Pravda*, December 6, 1986.

In order to create guarantees of security in the material sphere, it is necessary to operate at the same time in the moral-psychological direction of guaranteeing security and to create a political psychology that would make the growth of militaristic, chauvinistic ideas impossible and would cultivate the ideas of co-operation between nations.

3. The System-Forming Role of Disarmament

During the formation of a system of guarantees, disarmament plays a system-forming role. This is how material and physical barriers to war are created. Disarmament would reduce and eventually eliminate the material basis for waging war—such is the conclusion drawn by UN experts in their study of the interconnection between disarmament and international security.

Of vital significance are *radical measures* leading to the elimination of nuclear, chemical and other weapons of mass destruction.

Disarmament also presupposes partial measures, by which we mean ones regulating the limitation, reduction or destruction of individual systems and types of weapon everywhere, as well as measures to restrain and halt the arms race in certain parts of the world. Partial measures also include ones that, although they do not lead to any actual reduction in armed forces or armaments, do limit the sphere of the development of the arms race in new directions and slow down this race, strengthen strategic stability and reduce the danger of war.

The aim of achieving security through specific disarmament measures orients us not on deception or attempts to gain over one's partner, but on achieving mutually acceptable agreements on an honest and just basis. When necessary, it also includes concessions to the other side, which in reality constitute concessions to reason under conditions when an overkill potential has been accumulated that exceeds all reasonable limits.

The difficulties involved in limiting armaments and in disarmament are connected not so much with the technical aspect of negotiations (the complexity of the subject of the talks, the asymmetry of the geographical and international positions of the participants, the asynchronous development of the weapons systems of the negotiating sides, distrust and suspicion, and the like), as with the subjective factor—the policies of the states participating in the negotiations.

For some of them, the Soviet Union and its allies, disarmament is the cornerstone of their foreign policy, a practical task that they are consistently striving to fulfil. Hence their businesslike and specific approach.

Like the strategy of peace and peaceful coexistence in general, the socialist countries' approach to disarmament is free from illusions and speculative schemes. It is profoundly scientifically substantiated, providing a correct reflection of the urgent requirements of world development and the implementation of realistic measures.

The approach of the other countries, above all the USA, towards limiting armaments is largely determined by which faction of the dominant class—the belligerent-aggressive or moderately realistic—is running the country. The militaristically-minded part of the ruling circles usually use negotiations on disarmament as a screen for their course of stockpiling armaments and they virtually block the achievements of any agreement, while representatives of the relatively moderate wing of the ruling class demonstrate readiness to hold back the rate and scale of the arms race and to reduce the stockpiles of weapons. In this case, too, however, they sometimes try to use the talks on disarmament to impose their will and attain unilateral advantages, resorting also to artificially tying the disarmament issues to problems in no way related to them.

Ensurance of decisive advance in negotiations on limiting armaments and on disarmament, and achievement of success in these talks today constitute the primary task in the struggle for a turn away from increasing confrontation and sliding into war, towards the formation of a system of secure, nuclear-free peace.

Thanks to the persistent efforts of the Soviet Union and the countries of the socialist community, as well as the support they have received from all peace-loving forces, in the 1960s and 1970s nine multilateral and 16 bilateral conventions, agreements and treaties were signed on containing the arms race, and these are of no minor significance for the 1980s and 1990s, too.

The existing system of agreements and treaties somewhat reduces the danger of war. It holds back the spread of nuclear weapons. This role is fulfilled, for example, by the Antarctic Treaty (1959), the Treaty on the Non-Proliferation of Nuclear Weapons (1968) and treaties prohibiting the deployment of nuclear and other weapons of mass destruction in outer space (1967) and on the Sea-Bed and the Ocean Floor and in the Subsoil Thereof (1971), and the Convention on the Physical Protection of Nuclear Material (1980). The system of agreements and treaties also limits the quantitative growth of nuclear armaments. These include the agreements to limit strategic weapons (1972, 1974, 1979), and the Partial Test Ban Treaty (1963). A system of measures has also been created to prevent the chance outbreak of war. Certain limits have been set in relation to the application of some types of conventional armaments. Real disarmament measures are envisaged by the Convention on the prohibition of the development, production and stockpiling of bacteriological and toxin weapons and on their destruction (1975), signed in Vienna in 1979, and by SALT-2.

The timeless Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques, signed by the USSR and other states in Geneva on May 18, 1977, is designed not only to prevent the appearance of new types of weapon of mass destruction, but also to stop the arms race spreading to new spheres.

In the early 1980s, the process of the limitation of armaments and disarmament came to a halt. The reason for this was the policy pursued by the right-wing and conservative forces in the USA. While

claiming to be prepared to reduce the levels of armaments, the US Administration in fact came out against achieving agreements on limiting armaments, violated existing agreements and declined to resolve issues in essence.

This course of the US Administration is, however, actively resisted by the most diverse social and political forces, including in the USA itself. The consistent, constructive and flexible policy of the Soviet Union and its allies, the impact exerted by various social and political forces in the capitalist countries, have resulted in the US Administration being compelled to take part in new comprehensive talks with the USSR, which began on March 12, 1985.

A major political event in international life was the meeting between CPSU Central Committee General Secretary Mikhail Gorbachev with US President Ronald Reagan in Geneva, November 19 to 21, 1985. It initiated a dialogue towards achieving a turn for the better in Soviet-American relations, the decisive sphere of which is security, while its core is the problem of preventing the militarisation of space and reducing nuclear armaments in their organic interconnection.

The Statement made by Mikhail Gorbachev on January 15, 1986, formulating the Soviet programme for security through disarmament, met with a very broad response throughout the world. The main thing in this programme is the proposal for the total elimination of nuclear weapons throughout the world. Acting stage by stage and consistently, it would be possible to implement and complete the process of freeing the world from nuclear weapons before the end of this century. A world without nuclear weapons is in no way called on to become some sort of unstable system of international relations, such as existed before the nuclear age. The international system, above all the character of military-political relations within it, must be constructed in such a way as to maximise strategic stability and prevent any side from having the opportunity to attack using conventional forces or means, to undertake broad-scale offensive operations, inflict "deep strikes" and the like. This is precisely the orientation of the principle put forward by the 27th CPSU Congress of reducing the military potentials of the sides to the level of reasonable sufficiency.

The Soviet military doctrine also corresponds to this: it is purely defensive. In the military sphere, the USSR intends in the future, too, to act in such a way as to prevent any other country having grounds for fear, even imaginary, for its security.

The political will of the Soviet people and its striving towards peace resounded with new force from the rostrum of the 27th CPSU Congress. Developments since the Congress confirm convincingly that the Soviet programme for all-embracing security through disarmament is a platform of practical actions, the cornerstone of which is unity of word and deed.

In the course of the Soviet-American summit meeting in Reykjavik on October 11 and 12, 1986, the Soviet Union offered a whole package of major proposals for nuclear disarmament, based

on the Soviet programme for eliminating nuclear weapons declared on January 15, 1986.

The first proposal of this package applied to strategic offensive weapons. The Soviet side suggested halving all weapons of this class without exception, belonging to the USSR and the USA, over a period of five years, and then, in the subsequent five-year period, eliminating the strategic weapons of both sides completely.

The second Soviet proposal referred to medium-range missiles. The Soviet side suggested fully eliminating Soviet and American medium-range missiles in Europe and an immediate start to negotiations on missiles with a range of less than a thousand kilometres, the numbers of which were to be frozen at once.

The third question making up the package of Soviet proposals was connected with the Soviet-US ABM Treaty. The Soviet side proposed consolidation of the regime of this agreement and the beginning of full-scale talks on the complete banning of nuclear tests.

In putting forward this package of proposals, the Soviet leadership proceeded from the fact that, given a radical cut in the nuclear potentials, it would be logical and necessary for the sides to exclude any possibility of creating weapons of a new type that might provide any degree of military superiority (or create the illusion of one), and thus disturb strategic stability.

As a result of fierce arguments, the positions of the sides drew closer together on two of these three issues. The logic of the top-level talks led the sides to setting specific dates for eliminating strategic offensive weapons. Gorbachev and Reagan agreed that such weapons belonging to the Soviet Union and the United States must be completely eliminated by 1996.

Agreement was also reached on the total elimination of American and Soviet medium-range missiles in Europe, and on a radical cut in missiles of this class in Asia. As Mikhail Gorbachev noted, the Soviet Union attaches great importance to these accords between the USSR and the USA.¹ They have shown that nuclear disarmament is possible.

Unfortunately, the American side has broken off a major agreement that was nearly achieved for the first time in Soviet-American relations. The Reagan Administration virtually refused to strengthen the regime of the ABM Treaty or to take measures to prevent an arms race in space.

Clarifying the position of the Soviet Union on this issue, Gorbachev gave a broad analysis and detailed criticism of Reagan's programme for a Strategic Defence Initiative. The current Administration's devotion to this programme prevented unprecedented progress being achieved in Reykjavik in solving the problems of nuclear disarmament. Gorbachev noted, in particular, that a multitude of myths had been created around the SDI programme in order to increase its prestige. One of these is that the Soviet Union fears this programme greatly; another, that it was the SDI that induced the Soviet side to attend the summit meeting in Geneva and then in

¹ See *Mikhail Gorbachev, Selected Speeches and Articles*, p. 596.

Reykjavik, a third, that the SDI is the USA's only salvation from the Soviet threat; a fourth, that the SDI will ensure the USA a major technical advance over the USSR and other countries, and so on and so forth. Everything attributed to the SDI is very dubious, the purpose being to "sell this suspicious and dangerous commodity in an attractive wrapping".¹ One thing is clear: a continuation of the SDI programme will drag the world into a new stage of the arms race and destabilise the strategic situation.

In general, the Soviet-American summit meeting in Reykjavik, for all the dramatic course of the talks and their results, brought the USSR and the USA so far forward in the search for ways towards nuclear disarmament maybe for the first time in many decades. As a result of this meeting, the two sides rose to a higher level, including in analysis of the structure and determination of the goals and framework for mutual agreements on nuclear disarmament.

Events since Reykjavik have shown that political and business circles connected with militarism and with profits from the arms race in the USA and a number of other capitalist countries were obviously scared and are now applying desperate efforts to hamper the outlined solution to the disarmament problems. A fierce political struggle has developed around the results of the Reykjavik meeting.

The decision made by the Reagan Administration in November 1986 to go beyond the limits set by SALT-2, a total limit of 1,320 units for the number of MIRVed nuclear weapon delivery systems, was a serious blow to the structure of the fundamental agreements in the sphere of limiting strategic weapons. This applies to the additional introduction into the operation arsenals of the 131st heavy bombers, equipped with long-range cruise missiles without an equivalent nuclear delivery system being withdrawn to compensate. The Statement by the Soviet Government of December 1, 1986 indicates that Washington's decision to increase strategic means and abrogate SALT-2 "was fraught with serious consequences for international security".²

While taking into account the tremendous importance of the question for all mankind and the need to maintain the limits on the race in strategic armaments, the USSR did not, however, consider itself free from its obligations under SALT-1 and SALT-2 and is still refraining from going beyond the limits set by these agreements. This has demonstrated once more the USSR's responsible approach to world affairs and the Soviet Union's confidence in its own strength. This decision was met with approval by broad political and public circles throughout the world. Among moderate politicians in the USA and other leading capitalist states it was seen as an additional impetus to make the USA follow the example of the USSR.

The signing of the INF Treaty between the USSR and the USA

¹ *Ibid.*, p. 598.

² *Pravda*, December 2, 1986.

became one of the major results of the Soviet-American Summit in Washington in December 1987. This is a fundamentally new, important step towards a more just and humane order in the international relations. The strict verification measures provided by the Treaty, which came into force during the Moscow Summit in May 1988, guarantee its implementation.

Considerable headway towards realizing the necessity of a radical reduction of strategic offensive armaments by both sides in conformity with the non-revized 1972 ABM Treaty signed by the USSR and the USA in the most important result of the Washington and Moscow talks. There is also some progress made towards banning and eliminating chemical weapons and halting nuclear tests. Settlement of regional conflicts was high on the agenda at both summits. And both sides confirmed their intention to contribute to expanding mutually beneficial economic, commercial and other contacts and exchanges.

Another issue brought by the Soviet Union to the forefront of world politics is that of nuclear tests.

The Soviet Union's unilateral moratorium on nuclear explosions, as an action rather than just a proposal, showed in actual fact the seriousness and genuineness of the Soviet programme for nuclear disarmament, of the calls for a new policy—a policy of realism, peace and co-operation. At the same time, the moratorium showed quite clearly who is who in world politics, what is the chief source of the dangerous lag of political thinking behind the requirements of the modern age. While the Soviet moratorium was in force, the USA carried out 22 officially announced and 4 unannounced nuclear weapons tests. These tests were usually timed to coincide with the Soviet Union's regular announcements concerning extensions of the moratorium or with new peace initiatives by our country.

Under these conditions, the Soviet Union could not demonstrate restraint forever, for such a situation would have jeopardised the security of the USSR and its allies. In a Statement by the Soviet Government of December 18, 1986, a complex of measures was outlined that the Soviet Union intended to undertake in the situation.

The time has come for immediate full-scale talks on a complete nuclear test ban, at any forum, in any composition, naturally with the USA's participation. During such talks, agreement could also be reached on a stage-by-stage fulfilment of this task, bearing in mind the ratification of the Soviet-American treaties of 1974 and 1976 and the introduction of intermediate restrictions on the number and force of nuclear explosions.

The Soviet Union's aim is not just to initiate talks on banning nuclear weapons tests, but also to achieve practical results from them as soon as possible.

Although the USSR was forced to resume nuclear testing in 1987, it is prepared to return to the moratorium at any time if the USA decides to halt its own nuclear tests.

The socialist countries, allies under the Warsaw Treaty, have pro-

posed a programme of specific measures to cut armed forces and conventional weapons in Europe, from the Atlantic to the Urals, and to raise strategic stability in relations between the Warsaw Treaty Organisation and NATO. In this sphere, too, the resolve to achieve a real advance—mutually and consistently—towards lower and less dangerous levels of military confrontation has been demonstrated with utter clarity.

New proposals have been made by the Soviet Union with the aim of eliminating such a barbaric means of mass destruction as chemical weapons. In the opinion of objective observers, they would make it possible, in a very short period of time—less than a year—for a convention to be signed banning chemical weapons and eliminating their stockpiles, as well as the industrial facilities for their production, with the strictest and most reliable verification.

At the Stockholm Conference from January 17, 1984 to September 9, 1986, the socialist countries co-operated constructively with the other participants; they did much to find solutions to such key problems as the non-use of force, providing information on military exercises and troop movements, exchange of annual plans for military activities, invitation of observers, and the like. Primarily thanks to the efforts of the socialist countries, the Stockholm Conference was a major stage in the European process, and a further confirmation that, given good will and constructive co-operation, solutions can be found to comprehensive, complex and serious issues.

The agreements on confidence-building measures contained in the final document of the Stockholm Conference reduce the danger of a sudden attack, making the military-political situation more determinate and stable.

Realisation of the confidence-building measures adopted by the Stockholm Conference will increase the stability of the military-strategic balance in the relations between the Warsaw Treaty Organisation and NATO, including between the USSR and the USA, at the level of conventional military forces and armaments. In view of the existing interlinks between nuclear and conventional weapons, this will also contribute to raising the stability at the level of strategic nuclear weapons. Thus, in general, the confidence-building measures adopted by the Stockholm Conference will reduce the danger of a war breaking out, either nuclear or non-nuclear.

A major place in international development belongs to the Asian-Pacific region. The programme for including this region in the general process of creating an all-embracing system of international security is set out in Mikhail Gorbachev's speech in Vladivostok on July 28, 1986.

Coming out against the proliferation and increase of nuclear weapons in Asia and in the Pacific, the USSR has committed itself not to increase the number of medium-range nuclear missiles deployed in the Asian part of the country.

Our country supports the declaration of the southern part of the Pacific Ocean as a nuclear-free zone and calls on all nuclear powers to guarantee its status in a unilateral or multilateral manner.

A major contribution was made to the cause of international security by the realisation of the Korean People's Republic's proposals to set up a nuclear-free zone on the Korean peninsula. The idea of creating such a zone in South-East Asia has also attracted due attention.

The Soviet Union suggests that talks begin on reducing the activities of war fleets in the Pacific, above all ships carrying nuclear weapons. A restriction of rivalry in the sphere of anti-submarine weapons would help consolidate stability, especially an agreement to refrain from anti-submarine activities in certain parts of the Pacific. A restriction of anti-submarine rivalry in this, as well as other parts of the World Ocean might do much to strengthen strategic stability.

The adoption of measures by both sides to limit and cut anti-submarine activities, as the Soviet Union suggests, would be particularly important under the conditions of a radical cut in the strategic nuclear armaments of the sides, including a substantial drop in the numbers of submarines with ballistic missiles equipped with nuclear warheads. The absence of restrictions on anti-submarine activities of the sides might, under the conditions of a cut in the numbers of submarines with nuclear ballistic missiles equipped with nuclear warheads greatly endanger the prospect of the survival of strategic submarines, thereby reducing the stability of the military-strategic equilibrium.

The USSR attaches great importance to a radical cut in armed forces and conventional armaments in Asia to the level of reasonable sufficiency. For a start, the Soviet Union is prepared to discuss with China specific steps towards equal cuts in the levels of land forces.

Our country believes that the time has long since arrived to transfer the discussion of confidence-building measures and of the non-use of force in the region on to the practical plane. A start might be made with the simplest measures, such as ones to ensure the security of sea communications in the Pacific, as well as to prevent international terrorism.

Coming out for a strengthening of military-strategic stability in the region of the Indian Ocean, the Soviet Union has put forward a complex of proposals, which were formulated in Mikhail Gorbachev's speech to India's members of Parliament on November 27, 1986. The USSR expressed its readiness to begin talks at any time with the USA and other non-maritime states, keeping warships in the Indian Ocean, on a permanent basis, aimed at a substantial cut in the numbers and activities of navies there.

Our country suggests holding talks with the USA and interested Asian countries on confidence-building measures in the military field in relation to Asia and the adjacent aquatoria of the Indian and Pacific Oceans. In particular, this means the provision of advance information on movements and manoeuvres of the land (amphibian), naval and air forces of these countries.

The Soviet Union is prepared to participate in multilateral talks with all states using the waters of the Indian Ocean in order to

elaborate guarantees of the security of sea communications, including in the Persian Gulf, the Straits of Ormuz and Malacca, as well as guarantees of the sovereignty of maritime states over their own natural resources; and a multilateral agreement on the security of air communications over the Indian Ocean. Our country is also prepared to participate in the elaboration and become a participant in an international convention on combating terrorism in sea and air communications.

The Soviet Union has shown initiative in the development of co-operation with all interested states concerning the creation of an international regime for the secure development of the nuclear power engineering. These proposals have supplemented the Soviet strategy for ensuring nuclear security, which pivots on the concept of a nuclear-free world.

Inalienable new elements of the Soviet programme for achieving a secure world through disarmament consist in two related measures. One of them is *all-embracing strict verification, which constitutes a major component of the disarmament process*. This meets the demand for new political thinking: disarmament is impossible without control, but control has no sense without disarmament either.

The other measure that must accompany all steps towards true disarmament is *the release of funds for peaceful creative purposes, including rendering assistance to the developing countries in overcoming their problems*. The Soviet Union proposes peaceful programmes to counter the military ones in the nuclear, space and chemical spheres.

It is important to stress that the actions of the Soviet Union and its line on questions of disarmament were in essence approved and supported in the decisions of the Conference of the Heads of State or Government of Non-Aligned Countries, held in September 1986 in Harare, in the declaration of the Delhi Six, which is a standing forum of the heads of state from four continents—Argentina, Greece, India, Mexico, Tanzania and Sweden. There has been a substantial increase in the activities of peace-loving forces. There are increasing demands by political, including official, circles in the developed capitalist states, concerned about the seriousness of the situation, for practical results to be achieved in talks.

3. The Building of a Secure World—a Cause for All Countries and Nations

The erection of the all-embracing system of international security is not a matter for a select few. Not only major countries in the military sense, but all states must participate in the creation and functioning of the system of security. Each state individually bears its share of responsibility. Civilised behaviour and a contribution to the general efforts are demanded of all.

The significance of the UN as a regulating mechanism for the system of security is growing. The United Nations Organisation has al-

ready done much towards the formation both of thinking and modes of action corresponding to the nuclear-space age, towards overcoming the extremely dangerous notions concerning the admissibility of wars and armed conflicts. The declaration on the strengthening of security and other declarations and resolutions of the UN General Assembly, the decisions of its First and Second Special Sessions on Disarmament, UN studies on various aspects of international security, alongside constructive proposals made by the non-aligned countries, the Delhi Declaration and other proposals by the six states on four continents, as well as the Palme Commission, have played a positive role in the struggle to reduce tension and improve international relations, and are continuing to do so. At the same time, the current international situation demands new energetic efforts by states and peoples, the adoption of specific measures in all spheres of international relations for the building of a truly positive peace, relying not merely on the absence of wars, but also on a reliable, all-embracing system of international security.

The UN is called on not only to play a role in the formation of such a system of a secure, nuclear-free world, but also to become its major guarantor.

For the Soviet Union, the creation of an all-embracing system of international security, as defined by the 27th CPSU Congress, means a specification of the idea, put forward by Lenin in the first days of Soviet power, of a just and democratic peace as applied to the nuclear-space conditions of today.

Analysis of the political philosophy and the specific content of the concept of all-embracing security testifies irrefutably that it derives from the Leninist principles of the Soviet state's foreign policy. This concept continues the Leninist tradition of the Soviet state turning to public opinion and the states and governments of the whole world with far-reaching proposals of a fundamental character, indicating a realistic alternative to the fatal course along which the international community is being pushed by aggressive imperialist circles. Lenin's Decree on Peace outlined real ways out of the imperialist war and towards an end to the senseless slaughter, the establishment of a just and democratic peace. The entire content of this document is permeated with the idea of peaceful coexistence, which the Soviet Union has invariably supported throughout its history, and which is now receiving a new impetus, and acquiring even more dynamic, specific and intensive forms as applied to the current stage in international development and geared to the foreseeable future. Based on the Fundamental Principles of an All-Embracing System of International Security, formulated in Mikhail Gorbachev's speech to the 27th CPSU Congress, peaceful coexistence may become the supreme universal principle of international relations.

A new theory of international relations, a theory of international security in an integral, interconnected world is taking shape. The new philosophy of security is not just the attainment of theoretical thinking. They are inseparably linked with political prac-

tice, oriented completely on specific actions. In other words, it is not a matter of "pure theory", but of the new political thinking serving the leadership in specific decision-making, overcoming the problems that have accumulated in international relations, finding a way out of the dead-end into which they have been driven by the imperialist policy of strength, a style and behaviour of states in accordance with the goals of creating a secure, reliable and just peace. The concept of all-embracing security for all is related to the Leninist style of running international affairs by political sobriety, and a considered, realistic approach. As Georgi Chicherin noted, "political realism, relying on the definite fundamental principles stemming from our very assessment of the state of affairs—that is our policy, left us by Lenin, which we shall continue to pursue."¹ It is political realism that has allowed the Soviet Union to achieve many positive results towards detente, and this has shown that the most difficult questions of security, including in the military area, can be solved in the world today, that elements of responsibility can play a major role in the actions of far-sighted statesmen in the West.

While striving now to achieve a revival of detente, the Soviet Union is not merely raising the issue of returning to what was accomplished in the previous decade. The concept of all-embracing security is designed to do much more. It considers detente as a necessary, but only a transitional stage in the fundamental restructuring of international relations on fundamentally new principles, ensuring guaranteed security for each state individually and all of them together.

The question of creating an all-embracing system of international security was put forward by the Soviet Union and a group of other socialist countries in 1986 for the consideration of the 41st Session of the UN General Assembly. In their opinion, the UN should elaborate a fundamental document to clarify all the chief principles of the creation of an all-embracing system of international security and to serve as a guide in the Organisation's practical activities, providing this system with material, political-legal and moral-psychological guarantees.

This initiative signified a new level of co-operation between the socialist countries, which came out together for the first time in the UN with a proposal of such importance. It emphasised once more that the community of socialist states possesses the greatest dynamism and innovation in world politics and acts as the generator of the new political thinking and corresponding international practice. In the UN the fraternal countries acted in a unified and organised way, showing by their actions their readiness to co-operate with all other states in the interests of all-embracing security for all.

The socialist countries' proposal became the point of departure and determined the main direction of the broad discussion that developed at the 41st Session of the General Assembly in search of

¹ G.V. Chicherin, *Articles and Speeches on Questions of International Politics*, Moscow, 1961, p. 287 (in Russian).

ways towards a secure world.

Whatever the issue in the political, economic or humanitarian sphere of international life touched on at the UN forum in 1986, it was inevitably considered not only in itself, but also as part of the solution to the overall task of ensuring a more secure world. There was also active discussion at the session of the socialist countries' joint proposal. In the course of this discussion in the First (Political) Committee of the Assembly, over 60 representatives of states on all continents, with the most diverse political orientations and levels of development took part.

In the course of the exchange of views, a profound interest was revealed by the majority of countries in the collective search for the highways to security for all. The socialist countries' counting on the fact that this question would arouse a democratic discussion within the UN on the essence of the problem of security and on mobilising the collective reason of the world community to seek a solution to it was fully justified at the 41st Session of the General Assembly.

In UN circles, attention has been focused on the genuine striving of the socialist countries to ensure as broad a participation as possible of all states in the discussion, openness and publicity in the setting and discussion of the problems. An active readiness was also demonstrated to take account of the specific considerations of the other participants in the discussion, while being governed by the single criterion of expanding mutual understanding and consolidating security. Thus, already at the beginning of the session, the socialist countries agreed to add the word "peace" to the title of their initiative, as the British delegation suggested. This readiness to accept constructive amendments indicates that the new political thinking presupposes interaction rather than confrontation. The inclusion of the word "peace" merely reveals even more fully the peace-loving essence of the socialist countries' initiative—the creation of an all-embracing system of international peace and security.

The joint initiative of the socialist countries also introduced a new fresh stream into the discussion held in the UN. Under its impact, confrontation rhetoric has moved markedly into the background, making way for a businesslike discussion of the complex issues in world politics today.

All this has been assessed in UN circles as yet another clear manifestation of the new style of running international affairs, of the unity of word and deed in pursuing a policy corresponding to the new political thinking.

The focus of attention proved to be the essence of the system of all-embracing security proposed by the socialist countries—to eliminate not only force, but also the threat of force from all spheres of relations between states without exception. Under present-day conditions, noted the letter of the foreign ministers of Byelorussia, Bulgaria, Hungary, the GDR, Mongolia, Poland, Czechoslovakia, the USSR and the Ukraine to the UN Secretary General requesting that the General Assembly session consider their joint proposal, no state, however powerful, can count on defending itself by military-

technical means alone. It must be fully realised that reliable security for all countries and nations, peaceful conditions for their development and progress can be ensured only by political means, by the joint efforts of all states—large and small, developed and developing, irrespective of their political and social system.

This fundamental precept was dominant throughout the work of the General Assembly.

The idea put forward by the socialist countries that the problem of security is not confined to the military sphere was perceived as a major new feature of the approach they suggested. Essentially, the UN decision openly recognises that the task is all-embracing in character, that it affects the interconnected spheres of disarmament and the settlement of crises and conflicts, economic development and co-operation, encouragement and defence of human rights and basic liberties. At the suggestion of the socialist countries, the UN called clearly and resolutely on all states to concentrate their efforts on ensuring security on an equal basis for all states and in all spheres of international relations.

This knocked the ground from under the assertions made by the opponents of disarmament in the West to the effect that the USSR and its allies are attempting to impose the concept of the elimination of nuclear and other weapons, while ignoring the complexity and interconnected nature of all the other problems of the world today. The Assembly essentially gave its support to the view that efforts towards security must be made immediately in all directions, and not be blocked by fruitless arguments about which should come first—disarmament or trust.

Every step towards creating an all-embracing system of security and a nuclear-free world would lead towards the elimination of the immoral balance of nuclear fear, imposed and now cynically praised by the militarists in the USA and NATO as virtually the only factor preventing a war. No place would be left in the new system of security for preparations for Star Wars and for the policy of neoglobalism. The significance of broad public forces and the many millions of ordinary people would increase.

It is quite understandable, therefore, that the socialist countries' initiative met with the support of the majority of the non-aligned states, which welcomed its orientation on democratisation of international relations.

At the same time, the absence of new political thinking was revealed once more among a number of governments of influential capitalist countries, above all, the US Administration.

In spite of the obvious fact that the socialist countries' joint initiative is not targeted against any state or group of states, and is designed to ensure the free expression and comparison of views in order to reveal and expand the spheres of agreement in the common interests, the delegations of the USA and some of its allied states gave the proposal a hostile reception. Quite clearly, this was the customary "logic" of confrontation, according to which everything coming from the "opposite camp" is bad.

To justify this position, they dragged out the thesis that the pro-

posed all-embracing security would undermine the UN Charter as the basic document on which the structure of international relations today is built. It is easy to see, however, that this merely conceals the blind fear of change. Thus, Western states possessing nuclear weapons are almost openly apprehensive of their status as great powers in the event of having to give up these weapons. This is one explanation of why France voted with the USA against the joint initiative of the socialist countries, while Britain, though it abstained, was voicing its objections up to the very last moment.

In the estimation of observers, a contrast to this short-sighted and self-seeking approach was presented by the support given to the UN resolution on an all-embracing system of international peace and security by another great nuclear power—socialist China.

Speaking of the UN Charter, as reflected in the General Assembly resolution, the all-embracing system of security implies above all the implementation of practical measures along the lines of the goals and principles of the UN. After all, to realise the noble tasks set by the UN Charter and in the major decisions of this organisation means, today, to eliminate the nuclear threat, exclude force and diktat from relations between the states, and not just in word, but in deed to achieve universal respect for human rights.

The chief goal declared when the UN was set up—to relieve future generations of the calamities of war—coincides completely with the orientation of the efforts to create an all-embracing system of international security.

The socialist countries' proposal presented to the states, for the first time in a comprehensive and generalised form, the historic task of rising above disagreements and narrow interests and beginning to act as partners to defend and develop civilisation. For this a truly revolutionary restructuring of political consciousness is required, and a decisive break with the stereotyped categories reflecting hostility in relations with other countries and peoples. A generally acceptable political language must be developed for coming to agreements on the most complex issues and replacing the language of weapons once and for all.

The first important contribution to this major and complex cause was the broad political dialogue on aspects of creating an all-embracing system of international peace and security, which took place at the UN session on the initiative of the socialist countries. It is understood, however, that tasks of this scale and significance cannot be fulfilled in one sweep, at a single forum, by the efforts of just one or two groups of states. Persistent, painstaking and purposeful work is required. No easy success can be counted on in the extremely difficult areas connected with the restructuring of political thinking and psychology, the existing conception concerning force as the basis of security. There is no reasonable alternative, however, to the search for points of contact and a drawing together of the positions of all states, and the overcoming of prejudices and stereotypes.

The full realisation of the proposals concerning an all-embracing security would, however, make it possible for all countries in all

parts of the world, irrespective of whether they are socialist or capitalist, developed or developing, large or small, to stop feeling themselves to be in danger. The threat to their security would simply cease to exist. The "balance of fear", too, would make way for the only humane balance—that of reason, confidence and good will.

The socialist countries are thus putting forward a manifesto for the new political thinking. Its aim is to raise our civilisation to the qualitatively new level of development. The method for achieving this is to create a better future by the efforts of all and in the interests of all. The new thinking is not, of course, a one-time adjustment of positions, but a *methodology for running international affairs*. That is why the socialist countries do not consider their proposed foundations for security to be something frozen and unshakeable. The new political thinking is incompatible with canons and myth-creation. Moreover, no scheme, not even the fullest and most perfect, is infallible. The socialist countries' proposal is a landmark in the complex labyrinth of international affairs, its use presupposing a realistic assessment in each specific case.

An example of the new political thinking and a model for the actions of states with different socio-political systems is provided by the co-operation between the USSR and India, which was given a new impetus by Mikhail Gorbachev's visit to India from November 25 to 28, 1986.

The leaders of the two states, being fully resolved to further the consolidation of the understanding of peace as the supreme value of all mankind, signed an extraordinary document—the Delhi Declaration on the Principles for the Nuclear-Weapon-Free and Non-Violent World. The General Secretary of the CC CPSU and the Prime-Minister of India, expressing the will of more than a billion people, called in this declaration on all the states in the world to do everything necessary in the interests of nuclear disarmament, of a world without wars or violence.

The Delhi Declaration formulated the principles of a world with a qualitatively new feature and guaranteed stability, a world free from violence in nuclear or any other form. This is no speculative scheme, but a platform of specific actions by all states, permeated by concern for the future of mankind, of every individual, global values being of primary significance.

The Delhi Declaration rises to the level of an instrument of international law recognising the supreme value of human life, guaranteed development of the individual, using the material and intellectual potential to solve global problems. It counterposes the triad of reason: man—humaneness—mankind to the strategic triad of nuclear armaments.

The declaration calls for complete destruction of nuclear arsenals by the end of the century, prevention of the militarisation of outer space, a complete ban on nuclear weapons tests, a ban on chemical weapons and destruction of their stockpiles, for a reduction in the level of conventional armaments and armed forces. Until nuclear weapons are eliminated, the Soviet Union and India propose the immediate conclusion of an international convention prohibi-

ting the use or the threat of the use of nuclear weapons, which would constitute a major concrete step towards full nuclear disarmament.

The facts testify that these two great powers did not just declare the principles of a world free from nuclear weapons and violence, but are already implementing them in the practice of international relations. The Soviet programme for the stage-by-stage elimination of all nuclear weapons and other means of mass destruction by the end of the century, which was proclaimed on January 15, 1986, the concept of the creation of an all-embracing system of international peace and security, and the complex of other peaceful initiatives are all consonant with the line of the Delhi Six and India's belief in the power of good sense, in the possibility of ensuring peace and progress for the present and future generations.

Backed up by the authority of the top political leaders of these two great states, the Delhi Declaration is being perceived everywhere as the prototype for a future secure, nuclear-free world, resting on a firm system of all-embracing security, equal for all.

The danger posed by militarism must not be underestimated at all, of course, but it would be equally wrong to underestimate the potential reason and common sense existing in the world, which provides a basis for a powerful coalition of peace, with no geographical or ideological boundaries, to form in international relations. This means that the new concept of security can and must be introduced into the fabric of international life, become a creative, transforming material force. A new age of reason must replace confrontation and alienation, and this time, in contrast to the past, it must become available to the whole world. This is the categorical imperative of the nuclear-space age, of the interdependent world in which mankind lives.

13

CAPITALISM AGAINST MANKIND

1. The Contradictory but Interdependent World

A distinguishing feature of our times is, on the one hand, the extremely acute manifestation of trends and contradictions of the *social splitting* of the world into opposing systems: outdated capitalism and developing socialism, which is in the process of becoming established, and on the other hand, the growth of a tendency towards the *interdependence, integrity and unity* of the human race. The progress of mankind as a whole is rooted in the very foundations of modern civilisation. It is connected with certain universal, global rules governing the development of production, communications, science and technology, and means of information.

The real dialectics of modern civilisation—through a struggle of opposites to the formation of a contradictory, but interdependent and in many ways integral world—was profoundly analysed in the Political Report of the CPSU Central Committee to the 27th Party Congress. The results of this analysis were formulated in a *fundamental scientific concept*, on the basis of which both the new philosophical principles, the new vision of the world and new political thinking are built, as well as specific foreign policy actions, including the strategy for nuclear disarmament, the joint solution of problems common to all mankind and of a global character and scale, among them the complex of interactions relating to man's environment, and the like.

For this reason an unprecedented situation is arising today—the prospects and historical advantages of one world social system or another, not only in the sphere of the economy, but also in the ecological and cultural spheres, in world outlook and morality, in the value-humanistic aspects, are determined largely by its ability or inability to *solve the global problems of civilisation common to all mankind*. The system of values of capitalism, its concepts of humanism, as historical experience has shown, is not only not universal; it even acts as a brake on the solution of these universal problems. This gives rise to multiple general democratic movements in the capitalist countries that are *alternative* in relation to capitalism.

By contrast, the increasingly consolidating and developing system of socialism brings with it new humanistic values inevitably centred on man himself, his interests and concerns, and social progress for the sake of the comprehensive development of the individual. And this is a real possibility opened up before all mankind, an example oriented on the future. The humanism of socialism thus proves to be a general human ideal, while capitalism fulfils a destructive function in relation to both social life and to nature, making it unsuitable for human existence. The mission of socialism is to halt this destructive process and guide it in a creative, life-asserting direction. But it *cannot yet do this* by itself, owing both to the limited nature of the material resources and the globality of the problems to be solved. For this reason, coexistence and international co-operation between states with different social systems are manifestations of real humanism in today's contradictory and interdependent world.

2. *Facing Global Problems*

In order to imagine more clearly the scale and character of the new problems that mankind has come up against, let us turn to some facts and figures. They show not only how serious these problems are for all mankind, but also capitalism's guilt before modern civilisation, because it was capitalism that engendered and continues to exacerbate the critical nature of these problems.

Problems of war and peace. During the period since the last world war, overall direct expenditures on the arms race are known to have exceeded 6 trillion dollars. Annual military outlays constitute about a trillion dollars. If the contemporary rate of building up of the arms race is taken into account, total expenditures for military purposes in the world will double at least every fifteen years.

The sums spent in the world on armaments would be sufficient to ensure all the developing countries with the necessary foodstuffs and medical aid. Over 2 billion dollars are spent in the world every day on armaments, while the budget of the World Health Organisation (WHO) in the mid-1980s was: 29 million dollars for fighting malaria, and 45 million dollars to solve the problems of water supply and sanitation.

Every year the arms industries of the imperialist countries utilise enough short-supply natural resources to satisfy the current requirements of all the developing countries.

The arms race "eats up" a substantial part of the world's natural and human resources, which could be used for the benefit of the world community, for solving such global problems as providing foodstuffs, developing new energy resources, wiping out disease, protecting the natural environment, and others.

The power industry and the ecology. Economic growth, which determines the level and structure of energy consumption, has resulted in the production of all forms of primary energy rising substantially. According to forecasts, by the year 2000, world-wide

energy consumption will be in the order of 20 billion tonnes of conventional fuel; by 2025 it will increase to 30-38 billion, and will stabilise by the end of the 21st century at a level of roughly 80 billion tonnes of conventional fuel. A characteristic trend in the development of the world power industry is a drop in the share of organic fuel and a corresponding rise in virtually inexhaustible energy resources.

Renewable resources (hydroenergy, solar power and the like) will, according to the experts, be able to supply only up to a fifth of the world energy consumption. Its predominant part will be provided by nuclear power. It is anticipated that, by the year 2000, nuclear fuel may account for 45 per cent of the world energy balance and by 2020—60 per cent.

In the foreseeable future, the consumption of energy will rise rapidly in the developing countries. By 2000 about a third of world energy requirements will go to these countries; by 2025 this indicator may reach 50 per cent.

The development of the modern power industry is connected with significance and multilateral impacts on the environment both locally and globally. The construction of large hydro-electric power stations disturbs the hydrological regime, leads to extensive tracts of land being withdrawn from economic use. The problem of the ecological danger and the elimination of radioactive wastes from nuclear power stations is an acute one; the exploitation of large thermal power stations is connected with significant discharges into the environment of solid, liquid and gaseous pollutants and others. The global impact of the power industry on the environment is connected with an effect on the planet's climate.

Resources and the environment. According to world statistics, over 40 per cent of the coal, almost 55 per cent of the iron ore, 73 per cent of the oil and over 78 per cent of the natural gas extracted from the Earth since the beginning of the 20th century have been removed over the last twenty years (1961-1980). A similar trend is characteristic of other minerals, too.

Assuming that the level of extraction of the chief mineral raw materials attained at the beginning of the 1980s remains unchanged until the year 2000, the sum of world extractions from 1981 to 2000 will be: coal—about 74 billion tonnes, oil—58 billion tonnes, gas—30 trillion cu m, iron ore—18 billion tonnes. This level of world raw material extraction obviously cannot remain unchanged; it will increase. Proceeding from the calculations and forecasts made in various countries, the sum of world raw material extractions over the last twenty-year period of the 20th century will be from 20 to 100 per cent greater than from 1960 to 1980, while the extraction of natural gas, bauxites, nickel, molybdenum, and certain other minerals will exceed the total amount extracted from 1901 to 1980.

On the one hand, this situation raises the question of the potentialities for providing mankind with resources, of the exhaustion of reserves of fertile soils, of sources of fresh drinking water, of a cut in other natural resources, as well as degradation of natural eco-

systems owing to the increased pressure exerted on them by human production activities; on the other hand, it raises the question of the level of development of science and technology, of socio-economic progress, ensuring a rise in the extraction of raw materials and other minerals.

According to estimates by economists, over the last decades of the 20th century, the states on Earth must allocate 3-5 per cent of their gross national products for nature protection measures, or no less than 150 billion dollars a year. The USA alone, according to official data, in order to prevent any further deterioration of the environment, will have to spend at least 75 billion dollars a year during the 1980s. Meanwhile tremendous material resources of mankind are diverted into the arms race, the imperialist military-industrial complex being to blame for this. In the USA such outlays exceed 300 billion dollars per annum.

The food problem and the biosphere. The provision of foodstuffs for the Earth's constantly growing population is one of the chief global problems. Recently, in a number of parts of the world this problem has intensified greatly. The famine in many developing countries during the 1980s was a consequence not of natural processes, but of socio-political factors being the concentrated result of development under the conditions of protracted colonial and neocolonial exploitation.

According to existing estimates, two-thirds of the world population live in countries where there is a constant shortage of foodstuffs. Moreover, it is anticipated that by the year 2000 there will be only 0.2 hectares of cultivated land per person in the world (for comparison: in 1950 the respective figure was 0.5 hectares).

The growth of world stocks of foodstuffs is ensured, on the one hand, by an expansion of the cultivated area and, on the other, by an increase in the production of produce on the existing area. Approximately until the 1950s, the chief way in which the output of agricultural produce was increased was an expansion of the arable area. In the subsequent period increasing attention has been focused on a rise in yields. By the mid-1980s, 90 per cent of the annual increment in the world production of foodstuffs was accounted for by intensification of farming. Yet the natural potential of agriculture is often greatly overburdened and this hampers its natural restoration. The problem consists in overcoming the negative socio-economic consequences of the intensification of agricultural production by ensuring a rational combination of intensive and extensive methods for providing the world population with foodstuffs.

The problems of demography. The trend that emerged in the second half of the 1960s towards a gradual slowing-down of the mean annual population increase (to 1.7 per cent from 1980 to 1985 and an anticipated 1.5 per cent from 1995 to 2000) does not mean, however, any easing of the world demographic situation in the next few decades, for the deceleration is not enough to reduce the absolute increase. Moreover, the absolute increase in the world population will continue and, according to UN forecasts,

by the year 2000 there will be about 6.35 billion people on Earth.

The particular complexity of the world demographic situation and its connections with the global problems of today consist in the fact that over 90 per cent of the increase in the world population is in the developing countries liberated from colonial or semi-colonial dependence, where over 90 per cent of the world's hungry, illiterate, unemployed people live and where the socio-ecological situation is deteriorating substantially. According to UN estimates, by the year 2000 up to 4.85 billion people, or 80 per cent of the world population, will live in the developing countries. As a result of such a rapid growth of the population in the countries of Asia, Africa and Latin America, of the accelerated process of urbanisation, and of the substantial increase in industrial production, the epicentre of such alarming world problems as those of food, raw materials, energy and others, is increasingly moving to these countries. This applies fully to the ecological problem, too, which is gaining in intensity.

The threat to nature and man. About 145 million tonnes of sulphur dioxide, 250 million tonnes of dust and 70 billion cu m of gas, about a million tonnes of lead compounds, and tens of thousands of tonnes of fluoride and chlorine compounds are discharged annually into the atmosphere. According to existing forecasts, in the first quarter of the 21st century the discharge of nitric oxides may exceed 150 million tonnes annually, and of carbon oxides—500 million tonnes. Over a hundred different substances have been identified as atmospheric pollutants. Many of these are toxic, some carcinogenic. Acting on the human organism over a protracted period of time, even in negligible concentrations, they reduce its resistance to infections and exacerbate heart, vascular and other diseases.

The overwhelming majority of the economically developed countries are coming up against serious water resources problems, consisting not in a quantitative shortage of water, but in a deficit of fresh water. About 32 cu km of unpurified industrial sewage flows into the Earth's water bodies every year. In the near future the demand for water for various purposes will increase. In the 1980s, almost 80 per cent of all the water is used in agriculture. The effectiveness with which irrigation water is used is not too high: out of every 3 cu m of water, only 1.3 cu m are consumed by vegetation, i.e., 57 per cent of the irrigation water is lost.

The World Ocean is becoming seriously polluted: up to 10 million tonnes of oil and petroleum products are discharged into it every year.

There is an increasing tendency towards a deterioration of the world's land resources. Traditional agricultural territories are deteriorating, their volume is decreasing because of the increasing rate of urbanisation, and the area of forest tracts is falling. This trend is particularly characteristic of the developing countries, where the area of tropical rain forests is falling at a rate of 0.6 per cent per year. As a result of logging and deforestation for farming purposes, up to 200 thousand sq km of forests are destroyed in the wet trop-

pics every year. The current rate of destruction of forests is estimated at 7.3 million hectares per annum, or 14 hectares a minute.

The number of factors exerting a negative effect on the environment in which man lives and works has already reached dangerous limits, threatening his future. According to WHO estimates, the number of toxic chemical substances used in the world today reaches 600 thousand, and another 3,000 are added every year. Under the conditions of increasing urbanisation, man is breathing in polluted air and suffering from the impact of various chemical substances and compounds. Many researchers connect the sharp increase in cancer cases with the growing pollution of the environment; the growth of respiratory diseases is closely correlated with zones of heightened pollution of the air and the human habitat.

Some conclusions. The genesis and development of the system of global problems, while introducing new elements into the basic processes of civilisation, thus also predetermine the specifics of the current socio-ecological situation. These specifics are expressed in general form in an intensification of the contradictions within the framework of the interrelations between society and nature, which are acquiring a global scale. First, a world thermonuclear catastrophe would jeopardize not only the reality of positive development of mankind, but also the very existence of nature in its historically shaped forms. Second, the scope of human activity, in the broadest sense, is assuming a planetary character; it embraces the biosphere as a whole and spreads to outer space, thereby worsening the habitat even further. Third, the historical contradictions between the creative possibilities of the biosphere and the growth of social requirements are naturally becoming so great that a purposeful orientation on an ever growing part of mankind's scientific and technical potential is required in order to overcome them. Fourth, socio-ecological ideas, theories and conceptions, constituting a component part of the material and spiritual culture of modern civilisation, now exert an impact on many aspects of the activities of society.

The acuteness of the world socio-ecological situation sharply raises the question of ways to overcome the contradictions within the framework of the interrelations between society and nature. In the opinion of UN experts, a 20 per cent cut in overall military outlays would create the objective conditions for a positive solution to the entire system of global problems. It is disarmament, a halt to and prohibition of nuclear testing, as part of the practical realisation of the concept of a nuclear-free world, that is the basis for creating the objective preconditions for overcoming the deterioration in the natural environment in which man lives, rationalising the use of nature and improving the quality of the historically formed natural links and relations.

3. Is Evil Inevitable?

The acuteness of the global problems and the need to solve them are recognised in all parts of the world, including in the most developed capitalist countries. Yet it is above all here, in the sphere

of global problems, that the invalidity of capitalism as a social system and its limited possibilities are most vividly revealed. Moreover, as time goes on, it is becoming increasingly evident that capitalism is not only incapable of effectively furthering their overall solution, though it has achieved much in the technico-economic area, but, on the contrary, by its very existence exacerbates them, making them dramatic and, in some cases, even catastrophic.

Today it is simply impossible to deny the fact that the global problems exist and are growing ever more acute. The Executive Director of the UN Environment Programme (UNEP), Mostafa Tolba, when summing up in 1983 the results of the so-called ecological decade held by this organisation, noted, for example, the following alarming consequences of uncontrolled human activities for the environment:

a constant rise in the concentration of carbon dioxide in the atmosphere;

"acid rain" arising as a result of the air shifting over considerable distances, and sulphates and nitrates formed as a result of the burning of fossil fuels;

the gradual exhaustion of the ozone layer as a result of increasing discharges of various chemical compounds into the atmosphere;

a growth of the number of solid particles in the air, which might cause unfavourable climatic changes;

pollution of the seas and oceans with oil, which jeopardises flora and fauna;

the disappearance of forests, as well as of many species or populations of animals over enormous territories in the developing countries;

desertification, threatening the lives of 600-700 million people; a reduction in the stocks of fresh water available for use;

erosion of substantial areas of fertile land in many parts of the world, and so on.

The bourgeois press is constantly publishing alarming headlines on the possibility of the disappearance of forests in West and Central Africa or Latin America, on the appearance of poisonous clouds over the Japanese islands, on the threat to the existence of the famous Vienna Woods, on the "dying" of the Mediterranean, on the death of thousands of lakes in Canada owing to acid rains from the USA... Such announcements run into the hundreds, if not the thousands.

The policy of ecocide pursued by US imperialism, manifested both in directly hostile (military and other) impacts on the environment in a number of countries and in the monopolies ignoring the ecological consequences of production, substantial evidence of this having been presented by scientists and writers in the West, is a glaring crime against humanity.

It is natural, therefore, that theoreticians of various orientations today refer to global problems. They are becoming a field of fierce clashes between Marxist and non-Marxist views. This applies above all to the question of the character and origins of the global problems. The main thing that unites all non-Marxist approaches to this

question in the West is their denial (or belittling) of the social and class character of the global problems, an attempt to analyse them in isolation from the capitalist system as such. Such a view is justified, as a rule, by the claim that these problems are of importance to all mankind. From this perfectly correct statement is drawn the altogether incorrect conclusion that both social systems are equally responsible for the exacerbation of the global problems. The West-German economist and sociologist Wilfred Heidt says, for instance, that the "ecological crisis is the high point of the general crisis of civilisation, whose roots lie in the structure of both systems".¹ The ultimate aim of such conclusions is to clear the capitalist social system of responsibility for the sharpening global problems of our day.

These arguments were subjected in Marxist writings to a sufficiently detailed analysis.² The Marxist approach starts from the assumption that global problems have different origins, springing both from natural and from social causes. Marxists identify three main groups of global problems whose origins, character, and form of solution are connected with the following:

1. The relations between the basic social entities of contemporary mankind (the social and economic systems, and the states within them). These problems could be tentatively called inter-social (including the problems of peace, social development and economic growth, backwardness, etc.);

2. The relations originating within the "man-society" system (problems of scientific and technical progress, education and culture, population growth, public health, human development and its future; and

3. The relations originating within the "society-Nature" system (the problems of resources, energy, food, and environment).

In other words, global problems result from mankind's development, on the one hand, from the evolution of the relations between man and Nature and, on the other, from social development and the advance of the society as a whole.

The most long-standing problems are those originating between man and Nature, and they have developed throughout the whole of human history. In the course of social, scientific and technical progress, man, once a weak being, living off the gifts of Nature (at first occasional and casual), has acquired the stature of a giant ever more skilfully bending Nature to his will and taking from it the goods he needs for life. But this progress also has a negative aspect, for as man has mastered Nature, numerous conflicts have developed between the two parties. The conquest of Nature tend to produce contradictions posing some very grave threats and unforeseen

¹ Die Grünen: *Personen, Projekte, Programme*, Stuttgart, Degerloch: Seewald, 1980, S. 83.

² See *The Global Problems of Our Day*, ed. by N.N. Inozemtsev, Moscow, Mysl Publishers, 1981; V. Zagladin, I. Frolov, *The Global Problems of Our Day: Scientific and Social Aspects*, Moscow, Mezhdunarodniye otnosheniya Publishers, 1981; G. Khozin, *The Global Problems of Our Day: A Critique of Bourgeois Concepts*, Moscow, Politizdat, 1982, et. al. (all in Russian).

consequences, and it is these contradictions that give rise to global problems at a definite stage of social development.

Such problems can evidently arise and do arise under any social system, for they are the spin-off of the productive forces' development which proceeds both under capitalism and under socialism. Stating that fact is as far as science in the West will go.

But to stop there is to identify only one aspect of the problem, because contradictions within the "society-Nature" system of relations are not the only source from which global problems spring. Another source is the system of social relations proper, that is, the relations taking shape within the society itself. Let us recall an idea first formulated by Marx and Engels: "The production of life, both of one's own in labour and of fresh life in procreation, now appears as a twofold relation: on the one hand, as a natural, on the other, as a social relation—social in the sense that it denotes the co-operation of several individuals, no matter under what conditions, in what manner and to what end."¹

In other words, global problems originate both in the relations between man and Nature, and in relations between men, between classes and social groups, and they are all closely bound up with each other: "the history of nature and the history of men are dependent on each other so long as men exist."² Hence, the two following conclusions.

On the one hand, global problems include ever more acute problems generated by the course of social progress itself, problems which reflect the stage of social development reached by the society, and the dialectics of this process (the problem of war and peace, the problem of underdevelopment, etc.). These problems, let us note, arise on the basis not of social relations generally, but of social relations under the exploitative society, and in the context of our day they are the exclusive "asset" of the capitalist system. Far from producing such problems, socialism, for its part, on the contrary promotes their solution on a world-wide scale because of its social substance.

On the other hand, each of the contradictions arising in the "man-Nature" system of relations cannot be considered outside the context of the social environment, because the views taken by the society of these problems, the policy of the society aimed at tackling these problems are all determined by the social basis of every given society. It is worthwhile to recall this idea of Marx's: "The way in which machinery is utilized is totally distinct from the machinery itself. Powder is powder, whether used to wound a man, or to dress his wounds."³ This also applies to the global problems arising from man's contact with Nature. Capitalism and socialism propose totally different social approaches to these problems and

¹ Karl Marx and Frederick Engels, "The German Ideology", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 5, 1976, p. 43.

² *Ibid.*, p. 28.

³ "Marx to Pavel Vasilyevich Annenkov in Paris", in: Karl Marx and Frederick Engels, *Selected Correspondence*, Progress Publishers, Moscow, 1982, p. 33.

different ways of their social solution. There is no ground at all for trying to turn one's back on the social basis of the development and solution of global problems.

This, we believe, is amply confirmed by the actual state of affairs and the approach by the two social systems to assessing the character of global problems and ways of their solution.

4. "Global" Apologetics of Capitalism

The way countries with different social systems envisage the further solution of global problems is to be analysed and we find the following basic approaches to this issue in the capitalist world.

One is an optimistic insistence that capitalism by way of self-improvement is capable of making the global problems not dangerous and catastrophic for mankind's future, and of providing almost complete solutions for them. That is the view taken, among others, by Jean-Paul Pigasse,¹ although his approach runs counter to the whole actual development of the capitalist society and is at odds with the facts to be witnessed in daily life.

Another approach, which is the opposite of the first, is one of the morbid pessimism, claiming that the situation is hopeless, that mankind is doomed, that it is incapable of coping with its global problems, and that there is no way out of the predicament. Some writers even allow mankind no more than 300 years before it goes under.²

Such pessimism completely ignores the socialist countries' fruitful experience and effectively applies the hopeless lot of capitalism to mankind as a whole. It is ever more obvious that capitalism is doomed, and such writers equate its future with that of mankind. The fact is, however, that there can be no equation between the two: capitalism is truly doomed by history, whereas mankind has enough vital potential, common sense and resources to tackle and solve its global problems.

Another group of Western writers suggests that convergence, a very old theory, offers the way out. They say that the way out lies in combining the various features of the two opposite systems, and this is an indication that bourgeois ideologists have ceded some of their old tenets about the everlasting and immutable nature of the capitalist system, allowing for the possibility of the two social systems producing a hybrid. But in view of the actual laws of their development, it is safe to say that this is an utopia designed to cast doubt on mankind's socialist future.

Social democratic ideologists propose the "prospect of a rational, humanistic and ecologically healthy future that would reconcile man and Nature and create a fairer and more humane society through an alternative economic and technical conception", provid-

¹ See J.-P. Pigasse. *Les sept portes du futur*, Paris, 1981.

² See E. Benoit, *Progress and Survival. An Essay on the Future of Mankind*, New York, Praeger, 1980.

ed capitalism's political system is retained.¹ Such concepts are described as "eco-socialism", but there appears to be no socialism in them to speak of, which means no serious approach to these problems in general.

One of these approaches has been described in the last several reports to the Club of Rome, calling for a solution of global problems through an improvement of man. The late A. Peccei, who once headed the Club of Rome suggested that the ways and means for our earthly salvation will be found within man, not outside him.² That is, in fact, a circumvention of the problem of mankind's social future.

Yet another and also not very numerous group of Western researchers argue that global problems need to be solved through active co-operation between states with different social systems. It is true that when proposing co-operation most of them variously come down in favour of capitalism. French analyst Ph. Braillard says that the ideology of universal solidarity is a "justification [and this equally applied to the Club of Rome] for a definite political choice whose real nature the members of the club seek to conceal."³

Positive aspects must also be seen, of course, in the attempts made by a number of non-Marxist ideologists to solve the global problems, especially through international co-operation. Even so, as a whole, the scientific and social positions of these researchers do not permit them to develop any effective socio-political actions on this basis. Yet, though in limited forms, they do lead to a number of progressive movements in the West.

5. New Forms of Public Movement

A phenomenon is emerging that apparently originated in the 1970s and 1980s. Today's global problems have become the subject of acute political clashes, confrontations between the mass population, and the ruling and business circles of the leading countries of the West.

The nature of this struggle depends on which class or social group participates in it. Thus, for the working class, above all its vanguard—Communists, demonstrations for a solution to global problems are one of the chief directions of the class struggle, embracing all three of its main spheres—the economic, political and theoretical (ideological).

On the economic plane, the struggle against the threat of war and for an end to the arms race means, at the same time, a struggle against unemployment and for a higher standard of living for the

¹ J. Strasser, K. Traube. *Die Zukunft des Fortschritts; Der Sozialismus und die Krisse des Industrialismus*, Bonn, Neue Ges., 1981, S. 229-230, 243.

² A. Peccei, *100 pages pour l'avenir: Réflexions du Président du Club de Rome*, Paris, Economica, 1981, p. 119.

³ Ph. Braillard, *L'imposture du Club de Rome*, Paris, Presses Universitaires de France, 1982.

working people. Demonstrations of workers for the protection of the environment are, in essence, a struggle for improved conditions for their work and life, and for the upbringing of the younger generation.

Since, however, the working class clashes directly with the policy of the bourgeois governments over global problems, especially that of war and peace, its demonstrations are inevitably *political* in character.

Finally, it is obvious that the workers' and above all communist parties, are compelled, as they are waging a struggle for a solution to global problems, to invigorate their *theoretical* activities substantially. It is not a matter merely of refuting the conceptions of bourgeois science, so remote from reality, but also of elaborating their own conception, their own working-class policy on these problems.

The struggle for the solution of global problems is the key line in the anti-monopoly struggle for broad strata of the population (including the working class) because these problems are being exacerbated by the activity of the capitalist monopolies, and it is perhaps here that the interests of the vast majority of the nation are directly and ever more palpably in conflict with those of the ruling monopoly group.

Finally, for broad strata of the population in the LDCs, and for the population of many capitalist countries, this struggle is one of the key lines of anti-imperialist activity, for it involves defence of their countries' sovereignty and resistance to the machinations of the TNCs exploiting the resources of the LDCs.

The fact that those involved in this struggle are far from being always actually aware of its import is one of its significant features. They often take action only against the outward manifestations of capitalist rule and against its most odious effects, but objectively the struggle is profoundly social and is essentially aimed against the very foundations of capitalist monopoly rule. This duality of the struggle makes it more complicated, while helping to involve very broad public circles and making it truly massive.

Public action on global problems was at first largely spontaneous, and had no organisational framework to speak of. But in the mid-1970s, the situation began to change, giving rise to organisations, including political parties, dedicated to the struggle for the solution of various global problems. Such parties were founded primarily in connection with ecological problems, and they now exist in all the major capitalist countries. In many cases, they are fairly active and have won various positions in parliament and in local bodies of power, as for instance, the Greens in the FRG.

Anti-war organisations emerged in the late 1970s and early 1980s. As a rule, these are not political parties, but rather diverse coalitions of different forces and organisations coming out against war, nuclear war in the first place. But their scope and political influence is now and again greater than those of the ecological groupings, and it is evident that the anti-war movements are gradually acquiring a broader political character, while the environmen-

talists mostly remain local and narrowly national. But even among the latter there is a certain process of politisation, as they gradually come to realise that it is impossible to solve the problems with which they are concerned within the framework of the existing system.

It is also ever more obvious that public movements in connection with the deepening of global problems tend to become an explicit expression of protest against the very basis of the capitalist system.

6. The Monopolies "Solve" the Problems

The wide spread of mass public action on global problems has forced the ruling circles of the capitalist countries to take some steps to solve these problems. Thus, special budget appropriations for environmental protection have been made in all the capitalist countries. Some funds, often considerable, are also made available by private companies. From 1956 to 1979, 86 environmental protection laws were enacted in the OECD countries; in the course of 1970s, countries like the United States, Japan and France increased their environmental protection spending by 70-100 per cent, with some positive results achieved in a number of cases. But it needs to be stressed that these results fall far short of the actual scale on which the environment is polluted and the available potentialities for combatting pollution.

Monopoly capital has taken measures to tackle global problems (energy, ecology, etc.), chiefly because failure to solve them harms the interests of the monopolies themselves. The crucial thing here, says West German scientist, Edgar Gärtner, is that the exacerbation of these problems has come to have a "negative effect on the self-expansion of the value of capital".¹

Let us note that the nature and scale of the measures taken by the monopolies do not reduce their high profits or do so insignificantly. "The monopoly bourgeoisie and its ideology are faced with the problem of how to keep man's exploitation of man going, while neutralising the threat posed by the destruction of nature to the continued existence of the exploiting system."²

The desire to solve global problems at the expense of the working people, increased taxes, in general, is the trend that prevails in the West. One-time EEC President Sicco Mansholt issued a report complaining of environmental pollution and drew the following conclusion: "A pollution-free system of production and the development of an economy making use of recycled raw materials would result in a clear decline in the material wellbeing per head and in a limitation on the free use of benefits."³ The working class, the trade unions and left-wing political parties have already become

¹ Edgar Gärtner, *Arbeiterklasse und Ökologie*, Verlag Marxistische Blätter, Frankfurt am Main, 1979, S. 85.

² *Ibid.*, S. 102.

³ *L'Humanité*, April 5, 1972.

aware of this trend in monopoly policy and have been resisting it.

Measures aimed at a partial easing of global problems are taken under public pressure and are sometimes spurious, being merely a show of concern for solving the problems. Some measures are designed to protect a given region (or country) without taking any account of the interests of neighbouring regions (countries). Thus, high smoke stacks were erected in the United States by many monopoly corporations under public pressure to carry the waste high into the air so reducing pollution levels in the immediate areas, but raising them in neighbouring ones, to which the waste was carried by the currents of air. In the Scandinavian countries there is a campaign against air pollution by industrial waste from the FRG, and in Canada demands are being voiced to protect "Canadian air" from the US industry.

Finally an important factor forcing monopoly capital to do something to solve this or that global problem, is the pressure from the international community, notably the Environmental protection resolutions repeatedly passed by the United Nations, but while the major capitalist states feel that they cannot take an open stand against these resolutions and recommendations they in fact frustrate their fulfilment.

TNCs ever more often transfer the dirtiest industries to LDCs, so doing much harm to their peoples. The developed capitalist countries seek to solve the raw materials and energy problems by plundering other nations, a "solution" to global problems which makes them even more intractable and increases their negative impact on the life of scores of countries and peoples.

One could, on the whole, well agree with the conclusion drawn by a symposium held in Berlin (GDR) in the summer of 1983 on "The Global Problems of Our Day and the Working Class" that imperialism strives to find solutions to global problems that would ease its own internal crisis processes at the expense of the forces of social progress, including the socialist and developing countries, and the working class. That is, in fact, a part of the overall strategy of the imperialist forces today.¹

7. A Symptom of the Exhaustion of Possibilities

Global problems have demonstrated even more clearly the danger posed by capitalism for all human society. The relatively quick (and for many people unexpected) aggravation of these problems reflects the new stage in the overall exacerbation of the chief contradictions of modern social development considered as a whole.

First, it is the result of a new and higher stage of the STR, of mankind's unravelling of the secrets of Nature, which has not been duly compensated by the necessary environmental protection measures.

¹ Institut für Internationale Politik und Wirtschaft, IPW Berichte, 1983, No. 8, S. 15-16.

Second, it is also a result of the inevitable conflict under capitalism between the rapid development of science and technology and the social conditions of life in the society. Capitalism's scientific and technical potentialities often enable it to solve some of the global problems theoretically (even if partially), but such potentialities are under constant social limitation.

It has been estimated that mankind's present scientific and technical level will enable it to satisfy its basic food, housing and public health requirements in the early decades of the next century, but bourgeois science continues to insist that it will take the Western society centuries to solve these problems.

The level on which global problems are being tackled is a reflection of the deepening of the general crisis of capitalism which is incapable of tackling all the problems facing it with the traditional capitalist methods. The policy conducted by imperialism in the 1960s and 1970s of adapting to the situation through SMC's regulation methods in the economy on the basis of the STR, through social manoeuvring with respect to the working people and neo-colonialist tricks with respect to the LDCs has run into a dead end. Imperialism is seeking a way out by resorting to the threat or use of force, to confrontation on the external front with respect to socialism and the LDCs, and on the internal front, with respect to the working class and its allies at home. Hence the arms race, with all its effects, including the steady shrinking of the potentialities for manoeuvre in solving global problems.

In these conditions, global problems act as catalysts in further all-round aggravation of the antagonisms inherent in the bourgeois civilisation. The tragic nature which some of these tend to acquire testifies to the truly catastrophic dimensions of the present contradictions between the private interests of entrepreneurs and the interests of broad strata of the working people, between the development of the capitalist economy and culture, and its ever more numerous and large-scale unfavourable consequences. This is ultimately a contradiction between the requirements of human development and the utterly anti-humanistic and alien nature of the incentives and objectives of the capitalist society.

All of this is variously recognised in the West as well. Thus, the US Senator Daniel P. Moynihan, considering the sharpening problem of the environment, among others, suggests that the problems of improving the quality of life and creating a happy society remain unsolved and that there is no prospect for their solution.¹ The US economist R. Heilbroner says that the dangers arising from the depletion of the raw material resources and the pollution of the environment are among those evidencing the difficulties which the economic mechanism of the capitalist system itself generates. He believes, moreover, that the process of the elimination of the system will depend on the rate at which the natural resources

¹ See *The American Prospect. Insights into Our Next 100 Years* (1976-2076), Houghton Mifflin Company, Boston, 1977, p. 106.

are depleted and the environment polluted.¹

The existence of capitalism as a social system is a record of the evidence showing that it is historically doomed, but even here the deepening and sharpening of the global problems have, in a sense, created a new situation.

Indeed, up to now the evidence that capitalism is working itself out has been most vividly available within the national framework of this or that country, and much more rarely on the regional scale (apart from world wars and world economic crises), to say nothing of the global scale. Fresh major evidence of the limited potentialities of capitalism appeared in the 1970s, and this evidence comes from the sharpening global problems. It shows that capitalism is on the way out as a social system.

The incapacity of capitalism as a whole to cope with these problems simultaneously in all the capitalist countries, and the importance of the countries of the West in the face of these problems are accepted by many, including scientists in the West, as convincing evidence that the crisis of capitalism is not an "invention of the Marxists", as they had always claimed. A study of the works of many Western specialists on global problems shows that it is their consideration of these problems that carries them closest to the conclusion about the need for replacing capitalism with a new, higher and more humanistic social system. Thus, a member of the staff at the University of West Berlin, Joseph Huber, says in his book that an analysis of the state of global problems in the West suggests the following conclusions: socialism is the alternative to the present state of things.² US scientist H. Brown suggests that radical economic and social change calls for a resolution of the contradictions of modern civilisation.³

Having analysed the main uniformities on which the capitalist system runs, Engels reached this cardinal conclusion: "The so-called struggle for existence assumes the form: to protect the products and productive forces produced by bourgeois capitalist society against the destructive, ravaging effect of the capitalist social order, by taking control of social production and distribution out of the hands of the ruling capitalist class, which has become incapable of this function, and transferring it to the producing masses—and that is the socialist revolution."⁴

The justice of this conclusion is now backed up with fresh arguments which are even more telling for the destinies of the human civilisation, notably with the fact that there is a deepening of the contradictions between the economic, scientific, technical and spiritual potentialities for solving many global problems and capitalism's inability to make use of them. The sharpening of global

¹ See R. Heilbroner, *Business Civilisation in Decline*, W.W. Norton & Company, Inc., New York, 1976.

² J. Huber. *Wer soll das alles ändern: die Alternativen der Alternativbewegung*, Rotbuch Verlag, Berlin, 1981, S. 121-34.

³ H. Brown, *Building a Sustainable Society*, Norton, New York, 1982, p. 8.

⁴ Frederick Engels, *Dialectics of Nature*, Progress Publishers, Moscow, 1974, p. 308.

problems has thrown an even harsher light than ever on the limitations of the capitalist system, which are now becoming ever more obvious with the society's social, scientific and technical progress, thereby providing a new and highly convincing argument for replacing capitalism with socialism.

On the other hand, the socialist world's accomplishments and its advance in solving global problems demonstrate that the new social system is truly the embodiment of mankind's future. These accomplishments prove the fruitfulness of the socialist way of development and the socialist methods used in tackling STR problems.

8. The Socialist Alternative and International Co-operation

Engels wrote: "Only a society which makes it possible for its productive forces to dovetail harmoniously into each other on the single vast plan can"...put an end to "the present poisoning of the air, water and land".¹ The practice of the socialist system fully confirms this forecast.

The advantages of socialism also derive from the goals the new society sets itself. While striving to create the conditions for a free and comprehensive development of man as the end in itself for history, it considers the dangerous trends threatening the existence of mankind as one of the chief tasks to be overcome.

The planned system of the socialist economy creates the necessary conditions for elaborating and implementing a comprehensive approach to solving the problems of overpopulation, foodstuffs, energy, raw materials, the ecology, and so on, for outlining a development strategy that would not have negative consequences, let alone catastrophic ones, but, on the contrary, would guarantee the creation of increasingly favourable conditions for the comprehensive development of the individual.

The Soviet state, from its very inception, and especially in the last decade, has pursued a consistent ecological policy, the essence of which consists in minimising the unfavourable consequences of the scientific and technological revolution on the ecological plane and maximising its positive impact on the natural environment. Characteristic of the socialist way of solving the problems of environmental protection are the linking together of the technico-economic and technological, socio-political and humanistic aspects and sides of the problem, since the point of departure and supreme goal of socialism serve the interests of society as a whole, the interests of the working man—his welfare, and his free and comprehensive development. And this creates a real basis for a successful solution to the ecological problems that exist under socialism.

The Resolution of the USSR Supreme Soviet, On Observance of the Requirements of the Legislation on Nature Protection and Rational Use of Natural Resources of July 3, 1985, states: "In solving the problems involved in the development of the national

¹ Frederick Engels, *Anti-Dühring*, Progress Publishers, Moscow, 1975, p. 340.

economy, to proceed from the priority of protecting the health of the present and future generations of Soviet people, creating the best conditions for their life, targeting scientific and technical progress on this, ensuring a transition to resource-saving techniques, and making the fullest and most thrifty use of the natural wealth, the raw and other materials, and products made from them.”¹ The comprehensive realisation of this task is a programme of action for the future. And although much has already been done, the ecological situation in the country and the practical, scientific and technical work currently under way are unfortunately still far from corresponding to the set goal.

The documents of the 27th CPSU Congress, the Programme of the CPSU and the Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period up to the Year 2000 focus particular attention on the ecological problem, protection of the environment and rational use of natural resources. The solution of these problems is a component part of the acceleration of our country’s socio-economic development as it advances towards communism. This applies not only to the technological matters, but also to increasingly effective state control over the condition of the natural environment and sources of pollution, to expanding forms and methods of participation in this work by public organisations and the entire population, to ecological education and upbringing of Soviet people.

Socialist policy in education, upbringing and culture lifts the barriers and gives the masses access to discussion and decision-making on all social and state affairs, including the working people’s active and conscious participation in the advance towards the communist ideal of relations between man and Nature.

It would, of course, be wrong to assume that socialist social relations and the advantages of the new system automatically ensure realisation of all these potentialities. There are various objective and subjective obstacles along this way which are surmounted with the development of socialism as a world system.

But the socialist alternative on a global scale is still a prospect, while global problems are being daily sharpened just now, and already pose a threat to mankind, as the problem of war does most decidedly. Marxists believe that the way out lies through the extensive development of international co-operation. The CC Political Report to the 27th Congress of the CPSU says: “The global problems, affecting all humanity, cannot be resolved by one state or a group of states. This calls for co-operation on a worldwide scale, for close and constructive joint action by the majority of countries. This co-operation must be based on completely equal rights and a respect for the sovereignty of each state. It must be based on conscientious compliance with accepted commitments and with the standards of international law. Such is the main demand of the times in which we live.”² One of the key tasks of our

¹ *Pravda*, July 4, 1985.

² Mikhail Gorbachev, *Political Report...*, p. 22.

day is to work for the assertion of this line in international affairs, for a responsible approach to the observance of its new standards, despite the current difficulties.

Still, in view of the narrowly egoistic and limited approach of the capitalist part of the world to international co-operation, the conditions for a genuine solution of global problems on a world scale cannot, evidently, yet be ensured by co-operation between countries with different social systems.

Here is a characteristic example. In the mid-1970s, the USSR and the United States concluded 11 inter-state agreements on joint projects in the peaceful uses of nuclear energy, exploration of outer space and the World Ocean, protection of the environment, and so on, with 41 joint projects being elaborated within the framework of 11 problems in environmental protection. But then, on diverse pretexts, the United States began to curtail these programmes, refused to extend a number of agreements, and so on. All of this was fully in line with the strategy of confrontation to which the United States turned in the late 1970s and early 1980s.

A positive international example of the solution of global problems under these conditions is provided by the co-operation between the socialist states. While constantly developing (not without contradictions and difficulties, of course), the world of socialism is proving not in words, but by specific actions the reality of the forms it has suggested for solving global problems through the development of international co-operation. Evidence of this is provided, in particular, by the activities of the CMEA in co-ordinating work on solving the energy, ecological and other global problems. At the same time, the Soviet state is developing co-operation with all countries in solving these problems.

The intensification of the global problems is engendering a need to elaborate a corresponding long-term strategy for solving them. In this connection, the role of international governmental organisations within the UN system (UNEP, UNESCO and others) is increasing. The preparation of an international nature protection strategy up to the year 2000 and for the subsequent period is a vital component in pooling the world community's efforts on the state level in solving the global ecological problems.

The many anti-war organisations and movements on the national, regional and global levels, united in a worldwide peace movement, enjoy considerable influence. An active part is played in this movement by ecologists, calling for joint efforts in the struggle to protect nature and peace throughout the world. It is the interconnection between the problems of peace and protection of nature that combines in a united front the various social movements and multiple international non-governmental organisations. The activities in the sphere of Nature protection, rational use of nature and improvement of man's natural habitat, considered in the broad social context, within the bounds of current political realities, is a major element of the unification of the forces of world socialism, the international working-class and communist movement, the peoples of the newly free states, and mass democratic movements.

Under contemporary conditions there is a growing need to think and act in a new way. Mankind has entered a new stage in its development. It is no longer so much a matter of a growth of its material and scientific and technical basis, as of the need for the formation of value and humanistic strivings, for reason and humanitarianism are the "eternal truths" that lie at the roots of human life. New social, scientific, moral and ecological conceptions are required and must be determined by the new conditions of existence of mankind today and in the future. And these new conditions are in many ways connected with the emergence and development of the entire system of global problems, the revelation of the dialectics of the problems of war, peace and the protection of Nature.

In actions and thinking, mankind must proceed from a single strategy for solving global problems, one relying on the idea of the international community of mankind.

This strategy must be permeated by humanism, by the ideals of social progress and international co-operation, an activisation of the efforts of all mankind in solving the questions of peace, disarmament, and the entire set of global problems now and in the future.

Mankind can and must create and implement a united global strategy for world development. Its realisation presupposes the solution of two basic problems—that of peace and the protection of nature, the solution to these being directly interconnected. And in this sense the need for "ecological thinking" is a component part of a more general trend—"globalisation of thinking", when the realities of the world today are interpreted in the context of their interconnections with the problems of a world-wide character, affecting the system of "society-Nature" relations to one degree or another.

In its movement, prognostic thought strives to build a model of the real future of mankind. It is obvious that in forecasts of the trends in social development, it is most efficient to proceed from the dialectical interconnection and interdependence between all the components of these processes. In other words, it is necessary not only to assess the difficulties and dangers involved in development, but also to register the positive trends, the basis for optimism proceeding from a realisation of the ideals of social progress under the conditions of a society that is "the complete unity of man with nature—the true resurrection of nature".¹

The global problems facing mankind are today one of the increasingly weighty arguments against capitalism and in favour of socialism and communism, in favour of complete social emancipation of all mankind. At the same time, the class approach does not conflict here with the general human one, since the goals of the working class coincide with those of all mankind. Here there can be no sectarianism, no conflict of interests! The way towards this ideal is complex and thorny. But mankind must take it, overcoming the

¹ Karl Marx, "Economic and Philosophic Manuscript of 1844", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 298.

evil, irrational, and anti-humane force that works against it.

Mikhail Gorbachev stressed, in a talk with a group of representatives of world culture participating in the Issyk-Kul Forum, the priority of overall human values over all others,¹ and this idea creates the conceptual groundwork for joint actions in the struggle for peace, for a solution to all problems of a global nature. It is the core of the new political thinking supported by all progressive people in the world. Convincing confirmation of this was provided by the International Forum for a Nuclear-Free World, for the Survival of Humanity (Moscow, February 1987) at which ways and methods for solving global problems were broadly discussed.

¹ See *Kommunist*, No. 16, 1986, p. 12.

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THE DEGRADATION OF CULTURE AND MORALITY

1. Ideals and Goals

People living at the end of the 20th century are most concerned about the fate of the world. Nuclear weapons are too destructive, their stockpiles already accumulated too glaringly pointless, and the prospect of an apocalypse is too real not to realise that the most urgent question of the times is to eliminate the threat of war.

It is possible, however, that mankind does not fully realise the threat of the destruction of culture, spiritual values, and morals, created over the millennia of the history of civilisation. This threat comes primarily from the so-called mass culture that originated in the USA and was combined with the tremendous strength of the mass media.

The reduction of human beings to creatures merely producing and consuming material values, the destruction of national cultures, their replacement by a universal spiritual descent into savagery—such is the objective goal of the mass culture, the ideological weapon of the bourgeois consumer society.

In a recent public opinion poll in the United States, 12-to-14-year-old schoolchildren in New York were asked to describe in two of three words “What is happiness?”, and at the top of the list came “money” and “colour television”.

While the answers of that poll came from teenagers, it can be broadly applied to all the age groups in the US (read—capitalist) society. Such an assertion can be made not only on the strength of the old adage about the truth coming from the mouths of infants, but also of the fact that “money and television” are a modern version of the ancient “bread and circuses”.

At the present stage in the development of the production of material goods (bread—money) and of the mass media (circuses—television), their impact on the spiritual aspects of life in the bourgeois society is such that it allows one to judge not only of the quality of the “bread” and “circuses”, but also of the quality of the society for which they are produced and by which they are consumed.

The moral basis of any society is largely determined by its ideals, by the goal it sets itself which is understood by each member of society as his or her own; it has long been known as the meaning of life.

For more than two hundred years, the ideologists of capitalism have been trying to get the rank-and-file citizen to accept as an axiom that happiness depends on wealth, that the purpose of life is acquisition, that freedom is freedom of enterprise, and that equality is "equality of opportunity". The "wealth-brings-happiness" idea differs little, if at all, from the "happiness" formula (which naturally includes a definition of the meaning of life) that was given by the respondents in that New York school poll.

However hard the ideologists of capitalism may try to ennable the bourgeois formula of the meaning of life with all manner of euphemisms, when reduced to its rudiments, it goes something like this: a man with two ice-boxes is twice as happy as a man with one ice-box.

The ideologists of the bourgeoisie have tried very hard to produce an ideal that could ennoble and make less ridiculous the meaning-of-life formula under the capitalist system. Over the past several decades they have come up with various "objectives-slogans", such as "Fair Deal", "New Frontiers", "Great Society", "People's Capitalism", and so on. And while those who coined these slogans naturally started out not only from ethics, but strove to add various other dimensions, all of these were propaganda fly-by-nights which were soon gone with the wind and were forgotten like the fraudulent bourgeois politicians, thereby showing once again that the ideologists of the world of profit are denied the capacity to come up with a noble idea to justify the capitalist way of life, to breathe some loftier meaning into it as an inspiration to the peoples for its support.

There is simply no such idea to be had.

And while every political leader in the United States, especially one entering the long marathon on the way to the White House, tries hard to invent some attractive catchwords to entice the electorate—such a catchword, if it goes beyond the purely pragmatic purpose of some line in foreign or domestic policy—reveals its flimsiness and goes down the drain the day after the electoral campaign is over.

It is perhaps only the Republican Administration of the 1980s that has not tried to invent and proclaim some "new ideals", being aware from the experience of its predecessors that nothing good was to be had from the exercise. On the contrary, the Republicans under Reagan declared that the goal of their administration was to return to "pure" capitalism "unsullied" by any social reforms, a return to the complete freedom of an overtly imperialistic morality both at home and abroad.

In the final third of this century, the developed capitalist countries, the United States in the first place, have amassed such a quantity of material goods that they should by now have achieved, or at any rate, be fairly close to the ideal rooted in the bourgeois "wealth-

brings-happiness" formula for the meaning of life. But that is precisely when—in the mid-1960s—the formula was most visibly shaken.

The dirty war which US imperialism fought against Vietnam and the moral and psychological effects of it are among the events to which capitalism largely owes such a turn of events. It was the longest, most brutal and unjust war in US history, and it demonstrated most visually the inhuman spiritual substance of the richest (and so also the "happiest" and "most just") society.

This war threw a glaring light on such vices of capitalism as hatred of other human beings, brutality, racism, the imperial mentality, the absence of ideals, government deception of the people, the bourgeoisie's readiness to violate any of its own laws and the rules of the morality it itself propounds, when it comes to obtaining or saving its superprofits or stamping out communist "dissent".

The Vietnam war generated a general democratic protest movement (especially among the young) which was unparalleled in the United States and, indeed, in the capitalist world as a whole, a movement which began as a protest against the war in Vietnam and then developed into a protest against the principles and the ideals of the bourgeois society.

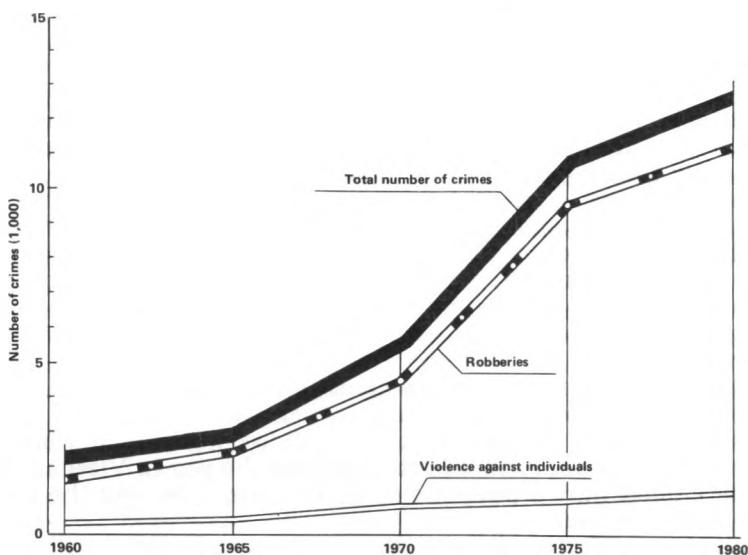
It became perfectly obvious that the "Great Society", allegedly advancing to "New Frontiers" along a "just course", was in fact pursuing, crudely put, the same objectives which would have been pursued, say, by a bellicose primitive tribe, namely, loot. But while the cavemen's instincts were justified and stimulated by the biological necessity of survival, there is no such justification for a society which is packed with material wealth.

Many people were shocked when they discovered that "all-American boys" in military uniform were capable of committing the same kind of atrocities that the Nazis committed during the Second World War, and that the US military and civilian command was capable of issuing criminal orders like those for which the Nazi war criminals were subsequently tried and sentenced.

The crimes of the US militarists in Vietnam were paralleled by a tide of violence and a growth of crime in the United States. State terrorism against dissenters, participants in anti-war protest movements and fighters for civil rights assumed large proportions (the assassination of Martin Luther King, the Black Panthers, the Soledad Brothers, the shooting down of students in Kent, and so on). A tide of international terrorism rose during the period of the Vietnam war and after it. The social and moral atmosphere which developed in the United States and the other capitalist countries during the Vietnam war generated many repugnant phenomena which have outlived the war itself.

The permissiveness which flourished in the United States was brought into the country largely in a boomerang effect of the immoral, dirty war, but the permissiveness was also deliberately cultivated. It was not only a reflection of the war, but was to be a vindication of the crimes GIs perpetrated thousands of kilometres away from the borders of the United States.

THE GROWTH OF CRIME IN THE UNITED STATES



It was in that period—in the mid and late 1960s—that there appeared in the United States a spate of writings whose authors demanded of man to shed the sense of guilt for anything, to get rid of the sense of responsibility for the upbringing of their children, branded the obsolete rules of morality and propounded an individual super-egoism which had no obligations to other people. “Scientific” articles in the periodical press argued the need for pornography (as evidence of democracy), and prostitution (also as a way of increasing the family budget, when either or both of the spouses engaged in prostitution by mutual consent). It was argued that drugs were harmless and instructions on how to make and use them were published in the most popular magazines. There was a spread of such highly dangerous drugs as LSD, which changes the chemical composition of the brain.

All of this may not have been celebrated, but it was certainly declared to be normal from the standpoint of morality and human psychology and was popularised by television, the cinema, the stage and books, so that adherence to the old norms of morality was regarded as retrograde and incompatible with the moral parameters of life in the second half of the twentieth century.

Books, mainly addressed to young people, were published to erode the basic rules of human intercourse as worked out over the centuries, and to declare permissiveness to be the basic principle of life; they became bestsellers and were printed in millions of copies. In them readers found justification for their egoism and immorality, and solace for their still flickering conscience.

It was in the early 1970s that child pornography, one of the most terrible crimes committed by capitalism against mankind, first appeared and assumed gigantic proportions. The billion-dollar business annually involved 300,000–400,000 children between the ages of three and 12 (they were either abducted, or leased, or even bought from their parents). After “starring” for two or three years, they are discarded for prostitution, drug addiction and crime, which means that they are not only corrupted spiritually but also maimed physically (in the mid-1980s, this business has assumed terrifying proportions whose aftereffects one can hardly foresee).

The human mentality is being forcibly crippled, and the illegal is being legalised. Evil is declared to be good, and good is branded as retrograde morality. Following the savage Christmas (December 1972) bombing by US B-52s of residential areas in Hanoi, there was an interview with one of the pilots of a downed aircraft. A teacher of literature (a graduate of the University at Houston) he had knowledge of the Russian classics and had read Dostoyevsky. He admitted that the bombing of Hanoi, which destroyed many nursery schools and hospitals, and thousands of homes was a crime, but it was not “his” crime, but a crime committed by those who had issued the order to bomb and destroy. He was merely doing his duty by fulfilling his orders. When asked whether he would have carried out an order to take an axe and kill a specified old woman in a specified street in Hanoi, he was quick to say that he could not. So he shrank from killing one old woman, even under orders, but was quite capable of killing thousands of such women and thousands of children by dropping bombs on them, and without feeling a twinge of conscience while doing so.

There was also a use of semantic frauds, such as “responsibility zone”, “security zone”, “zone of vital interests”, “zone of historical concern” of the United States and so on, all of them being euphemisms to denote regions that could become the targets of US intervention and occupation—and which have already become ones wherever possible.

This experience has been subsequently extended, used and most actively elaborated. One need merely refer to the so-called Strategic Defence Initiative (SDI). It is thus named so as to screen the true goal of Star Wars programme.

Under an instruction issued in 1983 by the CIA with the knowledge of the White House for US mercenaries being smuggled into Nicaragua, terroristic acts against the leaders of the Nicaraguan revolution were to be designated as “neutralisation”.

A closer look at the political and military terms used for the purposes of deliberate fraud will now and again reveal an explosive charge of self-exposure of which their authors were quite unaware. Take the euphemism “US responsibility zone”, signifying the US right to interfere and even to intervene in specified regions of the world, among them Central America. Considering the extreme poverty and backwardness of the peoples of the region lying so close to the United States, the “responsibility zone” is utterly ambiguous.

Take Nicaragua, where the United States maintained for decades the fascist terroristic regime of the Somoza family, installed by the US marines, and where 70 per cent of the population could neither read nor write (until the July 19, 1979 revolution, which solved the problem in the first few years). The percentage of illiterates is even higher in El Salvador, Guatemala, and Honduras, which are beset by poverty, hunger and epidemics, and lack elementary medical care.

There was a similar situation in Cuba before the 1959 revolution; US imperialism is to blame for the 45 years of the fascist regime in Nicaragua, and for the dictatorships in El Salvador, Honduras, Guatemala, Paraguay, and Chile, where the people are poor, and where the natural resources are being plundered by the US monopolies. It was the "historical concern" of US imperialism to prevent these peoples from taking a different way of development, and in all these cases the "US responsibility zone" means exactly what it says.

2. *Total Propaganda*

American wisecrackers once invented the aphorism that a "small victorious war is always good for the economy", and it is now something of an economic law. It is, indeed, the task of bourgeois propaganda to prevent the man in the street from being shocked by the paradox, and to help him to accept it like the advice that jogging is good for your health.

Here is an example. During the electoral debate in 1976, Jimmy Carter accused his Republican opponent, the then US President Gerald Ford that unemployment had markedly increased under his administration, while under the Democrat President Lyndon Johnson unemployment had been much lower. What did Ford say in vindication? He said: "It was much easier for Johnson—there was a war in Vietnam!"

What is surprising is not that such a thing was actually said, but that there was neither indignancy nor shame at hearing it in America. None of the bourgeois papers gave it any attention. There was not a single article on the ugly state of a society in which war or preparation for war is regarded as a way of solving economic and employment problems.

Because of the propaganda efforts, there are many people in the developed capitalist countries who believe that the large military budgets are good for the health of the economy, although precisely military spending gobbles up a large share of the national income which could be used to solve many of the problems arising from poverty and unemployment.

A large delegation of Japanese peace campaigners came to New York to attend the special session of the UN General Assembly on Disarmament. Among them were those who had survived the tragedy of Hiroshima and Nagasaki. The press reported how shocked the Japanese were when they saw in South Bronx, New York,

a picture reminding them in miniature the results of the atomic bombing. They were also amazed that, in contrast to the Hiroshima and Nagasaki of 1945, people actually lived in the ruins of South Bronx. They had to live there because they had nowhere else to live, and that in great New York, one of the richest cities of the world.

No atomic bomb had devastated South Bronx, but the cave life there is definitely connected with neutron bomb and cruise, MX and Pershing missiles, with the SDI, and many others on which the United States has been spending billions of dollars.

Violence is generally depicted as an inevitable evil which cannot be got rid of because it is implanted in the human genes. Western sociologists have started to convince their readers that thinking means dominating, exercising power and coercing, suggesting that human existence inevitably means violence, aggression and wars.

These purely "biological" theories lead directly to the much-desired political conclusion that peace is a product of force, that "might is right", etc. In the past, efforts were made to cover up and provide pretexts for political terrorism, interventions and interference, because under the old norms of morality they were "immoral", but nowadays there is no longer any need to cover them up because of the theories that justify them. Political immorality is set up as a law and virtue and the pursuit of the policy of strength is a matter of profound patriotism.

This is rooted in the old tradition (fostered by cowboy Hollywood and asserted by television) of people being divided into "good guys" and "bad guys". The good guys can do almost anything—cheat, swindle and kill—to defeat the bad guys. There is no need to convince anyone that such behaviour is permissible, because all it needs is the implantation of the images of the good and the bad guys, to suggest to the viewers who is good and who is bad.

That is why US propaganda and the mass media importunately divide the world into good and bad, free and captive, democratic and totalitarian. That is why so much effort is being put into convincing people that US citizens and the United States are the symbol of good, justice, democracy, progress and happiness, in short, of everything that must convince the world that the United States can do just what it likes. The violence to which it resorts is violence against the Reds, the Marxists, the Chicanos, the Latinos, and other terrorists. Such violence is not merely permissible, but is natural, because it helps the good guys thrash the bad guys.

This is understandable to the average American. He even likes this simplicity. The main thing is not to doubt that one is "in the right". (One example is the US bombing of Libya. This unprecedented act of state terrorism on the part of Washington entailed a rise in the US President's popularity among the American public!)

The view of violence as a natural element of life is being drummed into the US citizens' minds by television, which alongside advertisements of toys or homes with lawns for sale, in the next breath shows the US battleship *New Jersey* firing its 16-inch guns at the

residential areas of Beirut and obliterating mountain villages in Lebanon. All of this the viewer is shown at breakfast or in the evening, while sipping from a can of beer in front of the telly. Violence has become a household notion, as habitual, traditional, commonplace and popular as baseball or apple pie.

The manipulation of human consciousness by means of propaganda and mass culture with the aim of developing the basest instincts, depriving the entire peoples of truthful information, and on the contrary, spreading misinformation is the grossest violation of human rights, crippling man's consciousness and depriving him of human dignity, turning him into a depressed creature unable to make independent socio-political and ethical decisions.

Robert Jervis, the author of *The Logic of Images in International Relations* claims that apart from economic and military factors, international politics includes a moral and psychological factor based on the propaganda-created image of this or that country, so that international conflicts are primarily a clash of "images".

Through long and painstaking deception by the mass media, by means of television shows, films and other means of emotional influence, tiny Grenada was turned into the image of a country that was an arsenal for international terrorism and communist revolutions in the Caribbean so that its occupation by US troops was seen by the terrified viewer as a victory for US democracy over the dark forces of communism.

There could not have been such support for the criminal acts of the US government by the man in the street without the belly-fear of the word "communism", cultivated since childhood, without the hatred inspired over the decades for everything that defies US laws and the US view of life.

Herbert I. Schiller, a mass media specialist, identifies five main (one could say constantly operative) myths, which bourgeois propaganda strives to create (the myth of individualism and personal choice; the myth of neutrality; the myth of unchanging human nature; the myth of the absence of social conflict; and the myth of media pluralism), but we think that to these should be added at least one other fundamental myth, that of the military threat posed by communism in general and the Soviet Union in particular.

This sixth myth brings, by the way, enormous superprofits (not mythical but quite real) to the military-industrial complex.

This view is borne out among other facts by the following: "All the hysterical, all the infinite and intricate intolerance of these days originates in the central lie about Russia... It was a lie that they [the Russians] did not prefer the Soviet government to anything offered them by the Allied generals... It was a lie that they propose to invade a peaceful Europe... It was a lie that Soviet Russia has not offered peace with honour and with guarantees". This lie, this vast machine of anti-Russian propaganda has been set in motion against the world merely to make it easier to blockade Soviet Russia.

The uninformed reader may assume that these words were written by someone objecting to the current anti-Soviet hysteria, but

that was a quotation from the January 28, 1920, issue of the US journal.

The New Republic, and the words were written by the then young and subsequently very famous conservative US journalist Walter Lippman. The bourgeois propaganda media began to inflate the myth and hysteria about Soviet Russia's alleged urge to "conquer the world" at a time when it was economically weak, when it was being tormented by foreign interventionists and White Guards, and when its people were suffering from hunger and economic dislocation.

Since then, the capacities of the bourgeois anti-Soviet and anti-communist mass media have grown to gigantic proportions, and the human brain is now being washed on the carpet-propaganda method, a term borrowed from the US military vocabulary of the Vietnam War period, when carpet-bombing meant wholesale and indiscriminate bombing, so that not a single convolution of the brain would escape being straightened out in the desired direction, and that no corner of the human soul remained free from the poison of fear and hatred.

The mass media, the instrument of total spiritual power, do not simply keep track of what people think, but they shape their thoughts and deprive them of the capacity to see the world with their own eyes. It seems to be quite normal for an infant to see the world topsy-turvy, but it is abnormal and dangerous to make an adult see the world—all the way to his dying day—not as it is in actual fact.

The myth about a "military threat" posed by the Soviet Union and communism can, of course, exist only if there is no knowledge of the realities of socialist society.

In the major country of the capitalist world, with the most developed mass media, its citizens know next to nothing about the Soviet Union, its life and the moral principles of the socialist society. The George Gallup Institute of Public Opinion some time ago made a study of the views of college students on the Soviet Union, with these results:

—14 per cent of US students were unable to name any two Soviet cities;

—8 per cent of the students did not know the name of the capital of the USSR;

—68 per cent believed that rent in the USSR came to between 20 and 80 per cent of the average worker's wages;

—51 per cent did not know when the October Revolution took place.

And here are some truly staggering facts:

—16 per cent of the US college students did not know on which side the USSR fought in the Second World War;

—9 per cent believed that the Soviet Union fought on the side of Hitler Germany against the United States.

One of the main tasks of bourgeois propaganda is to prevent the spread of the truth about socialism, including its culture and the arts. The vacuum of knowledge and the low cultural standards

in the United States enable it to brainwash the masses in a spirit of anti-Sovietism and anti-communism.

In the famous Westminster public school in London, one of the most aristocratic and expensive private academic institutions, which has produced nine prime ministers, 14 archbishops and a large number of cabinet ministers, ambassadors and other dignitaries, the pupils were able to name only one Soviet writer—Maxim Gorky. In West Germany, virtually none of the students of the universities in Bonn and Münster knew a single Soviet writer, had seen a single Soviet film, or was able to describe some event from the life of the USSR over the past several years. Many foreign journalists (not necessarily friends of the Soviet Union) note that the ordinary Soviet citizen knows immensely more about life, culture and literature in the United States than the ordinary US citizen does about the USSR. These and many other facts are not accidental at all. Thus, since the Second World War, more than 18,000 titles of books by US, French, British and West German authors have been published in the USSR, while only about 3,000 titles, with ridiculously small printings, by Russian and Soviet authors were published in these four countries.

US television carried an interview with a man who had his finger on the button. He was asked whether he knew on which cities his missiles were targeted. He did not. He only knew that they were Russian cities. What did he know about Russian cities in general? Very little. Would he like to know more? No, he would not. He was not advised to know more. Why? The more he knew about them the harder it would be for him to push the button.

This betrays a view of the world in the most general terms, and a vague notion of the life of other peoples, without any concrete facts to bother the conscience. The ideologists of war are well aware that it is much easier to shower ICBMs on nursery schools from a height of several thousands metres from the night sky, than to kill a child point-blank.

The current fostering of chauvinism and hatred for mankind runs parallel with the forcible deprivation of potential killers of any knowledge about other human beings whom they are to annihilate, about the cities they are to wipe out.

One of the main lines in educating citizens in the US, with mass culture having a great part to play, is to teach US citizens to regard the surrounding world as being inhabited by faceless enemies, "subhumans" whom the United States has the duty to teach how to live, and to convince US citizens that the socialist countries are the mortal enemies of the United States. This line is a reflection of the dangerous development of the bourgeois mentality, which contains many elements of the fascist cast of mind.

3. The Psychology of Fear

The sense of fear is perhaps the most widespread and dominant emotion agitating the human breast under the bourgeois civilisa-

tion today. There is the fear of falling ill; the fear of losing one's job, the fear of being financially ruined, the fear of being outvalued; the fear of getting lower profits; and finally, the fear of war, but not the natural human fear of a possible military disaster, but the fear generated by the nearly 70-year propaganda campaign whose main element has been the lie of the Soviet "military threat", to the effect that the Soviets are just about to attack defenceless America. Nonsense? Stupid? But it is effective enough, for the average American does not know, and does not strive to gain information apart from that pumped into his head by American propaganda.

It is a crime to inject fear even into the heart of one human being. The injection of fear into the hearts of an entire nation, of many nations is a million times more criminal and poses a threat to the world's very survival.

Nazi propaganda used to exploit the basest human instincts, and speculation on the animal sense of fear produced by deliberate lies is Hitler's way of deceiving the people.

Since Walter Lippman wrote his article in the *New Republic*, the system of the bourgeois mass media working for the military-industrial complex has grown enormously.

Just as nuclear energy can be used for the benefit of mankind and also for mass destruction, so the mass media can inflict irreparable harm on mankind when they are wielded by self-seeking manipulators of the human mind to deprive the peoples of their memory.

The information explosion in the capitalist countries looks more and more like the atomic mushroom, and the effects of the capitalist mass media in the late twentieth century can be compared to a "clean weapon" (an American term for the neutron bomb, which kills people but leaves material values unharmed). In this case, the "clean" weapon of propaganda does not harm people in physical terms, but deforms, distorts, and cripples their spirit and conscience.

Mercenaries in literature and the arts work for the same purpose. Fyodor Dostoyevsky, the great Russian writer, once said that when mankind is summoned to final judgement on Doomsday, all it will need to do in vindication of itself is to present only one great book, entitled *Don Quixote* by Cervantes, and all its sins will be forgiven it. What he meant was that mankind would be exonerated not because it had invented gunpowder, suspenders, the bicycle, trousers, or umbrellas—all of these useful things in their way—but because it was capable of the emotion of love, of doing good, of dreaming about justice and fighting for it, of laughing at human joys, and shedding tears over human sorrows, of being naive and trustful. What he meant was morality, conscience, culture, art, literature, the supreme manifestations of the human spirit. But if at that judgement on Doomsday there will be not only counsels for the defence, but also prosecutors—and in such a hypothetical situation they certainly must be present—they will unfortunately be able to put before the supreme court an inconceiv-

able number of printed pages, films and video cassettes testifying that men had created not only books like *Don Quixote*, but also a vast industry for the deliberate spread by various means, including those of literature, of lies, fear, misanthropy, and moral corruption.

It is a crime against mankind to pervert cultural achievements, to use instruments like those of the arts to arouse hatred, to use white sheets of paper, the cinema and TV screen, or the theatre stage to sell fear and advocate armament and war. The funds used to produce such works should be an item in the military budget; such films, broadcasts and books should be regarded as strategic weapons of mass corruption of the human morality.

When considering the danger, the threat of mankind's annihilation, such means of poisoning the human mind should be pilloried alongside the threat of war and the arms race leading to it.

Saving the environment is a true and meaningful slogan, but an equally meaningful slogan is to save the human soul from the universal and all-pervasive lies of the bourgeois mass media and mass culture.

Herbert I. Schiller says: "Limited in the application of military force by countervailing power and confronting multiplying challenges in many hitherto hospitable areas, American imperialism has been developing complementary, if not alternate strategies and instrumentation for safeguarding its unstable and increasingly menaced global positions. The ideological sphere receives ever more attention.

"Assisted by the sophisticated communications technology developed in the military-oriented space program, techniques of persuasion, manipulation and cultural penetration are becoming steadily more important, *and more deliberate*, in the exercise of American power."¹

4. *Information Imperialism*

US imperialism has been trying to impose on the world—and not only on the LDCs, but also on the developed capitalist countries—its own forms, techniques, general structure and, most importantly, the products of its mass media and cultural communications. The basis for this policy of cultural and information imperialism is provided by the powerful and ramified mass communications. For many capitalist states it is no simple matter to combat the US system of communications in order to safeguard their independence, their own perception of life and national culture.

Refusal (even if it is at all possible) to use the Western (above all US) system of information, both business and emotional, which has already been deeply implanted into everyday life, at once produces an information and entertainment famine, and there is noth-

¹ Herbert I. Schiller, *Communication and Cultural Domination*, International Arts and Sciences Press Inc., New York, 1976, pp. 2-3.

ing to substitute for this system in many LDCs and even developed capitalist countries.

It is being said that gunboat diplomacy has been shelved, but mass media diplomacy has now become a flourishing business.

We do not believe that gunboat diplomacy has been shelved, as all the world realised when the battleship *New Jersey* stationed off the Lebanese coast began shelling and killing hundreds of its innocent civilians, to say nothing of the invasion of Grenada or the piratical raid on Libya. But mass media diplomacy has recently topped the list among the instruments used by imperialism generally, and US imperialism in particular.

The United States has covered the world with a web of its radio stations, contracts for the supply of cable and TV information, printed matter, films and TV programmes, etc., a tide of ideologically biased products designed not only for the LDCs but also for many developed capitalist countries.

Western cultural and information centres will be found in virtually every country of Asia, Africa and Latin America. The United States has such centres in 125 countries; a dense web of such centres is controlled by the British Council, the Goethe Institute (FRG), and similar institutions in other Western countries set up for the specific purpose of implanting the bourgeois ideology and culture and spreading anti-communism in the third world. The budgets of such institutions run to hundreds of millions of dollars. Up to one-third of the programmes screened on West European TV are made in the United States. *Foreign Affairs* has estimated that in Canada, for instance, 85 per cent of magazines in circulation are of foreign origin; 83 per cent of the published books are by foreign authors; 71 per cent of the publishing houses are controlled by foreigners; 96 per cent of the films on Canadian cinema screens, and also TV programmes, plays, etc., are of foreign origin. Even in a country like France, 70 per cent of the feature films are foreign, mainly US. In Sweden, 75 per cent of the publicly performed musical shows are imported from the United States.

It is with the help of anti-democratic, deficient mass culture that the ruling circles of the USA accomplish their global spiritual expansion, the "cultural imperialism" against which the French and British, Italians and Spaniards, and the peoples of the developing countries are now beginning to protest. Anti-culture of the American type smothers the national cultures of other nations, and deforms the people's morals. And although, for example, in music and songs, American mass culture sometimes does rely somewhat on folk traditions, such as African folklore, on the whole it is essentially anti-national, anti-popular; it is contrary to the democratic traditions in the culture of any country, including the United States itself.

Hardly anyone would dispute the fruitfulness of mutual influence of different types of culture, but precisely of culture, not anti-culture, of culture, and not lack of culture.

Each nation sees the world with its own eyes. And each nation has made its own contribution to the treasury of world culture.

Back in the early 1950s, Ilya Ehrenburg wrote: "Could you imagine Cervantes born anywhere but in Spain? Could you picture a non-French Molière? Could Leo Tolstoy be isolated from the Russian character and Russian history? Just as *Hamlet* or the *Divine Comedy* could not be written in Esperanto, it is equally impossible to create anything above the level of the *Reader's Digest* of a Hollywood production by replacing French, British or Italian culture with some changeable 'Western culture'!"

The United States of America has given the world superb writers and composers. For many decades a number of excellent films have been made in Hollywood. But Europe is swamped not by the outstanding achievements of American culture, but by such films as *Rambo*, about the American "super-patriot" who destroys his communist enemies, the low-standard reading matter offered by the *Reader's Digest*, published in many languages—a regular narcotic cacophony. The American audience, brought up on the "mass culture", is swamped by the same stuff, too.

There are growing public protests against this domination of life in the Western countries by imported US "cultural products", but the overall picture remains unchanged. Thus, even in the relations between the capitalist countries, to say nothing of their policy in the Third World, cultural ties are most frequently used for ideological expansion and interference in the spiritual life of other people.

Over 700,000 book and pamphlet titles, with a total printing of 16 billion copies, is now annually issued throughout the world, according to UNESCO. The number of publications per one million inhabitants comes to about 470 in the United States, over 540 in the European countries, and only 44 in the LDCs. Of the 7-7.5 billion copies of books printed in the West European countries only 16 per cent is sold at home, while the rest is exported to other countries.

There is a further concentration of book publishing and trade in the hands of large TNCs. At the end of the 1970s and in the early 1980s, a third of newly established small publishing houses wound up within three years, six in ten wound up within five years, and over 80 per cent—within ten years. The financial position of private publishing business in the United States has recently become more unstable, and the situation is not likely to change in the near future. That is why US publishers have called for association and coordination of efforts by the government and the private sectors in promoting US books abroad, arguing that books are a most important means of ideological influence in the world.

5. *The Power of Advertising*

Advertising is most important in the consumer society, and not only in market relations, but even to a greater extent in its influence on the development of the whole of bourgeois civilisation and culture in general and that of the United States in particular.

A leading historian of US culture Daniel J. Boorstin says, for

instance, that advertising has been part of the mainstream of US civilisation, and one of the enticements to the settlement of this New World.¹

Advertising not only persuades people to buy, it not only helps producers to market their wares, but it is also helps to spread all kinds of illusions.

One TV programme in New York shows a Christmas tree at that festive season. It is just a decorated Christmas tree. It is designed for the homeless who can enjoy the occasion by watching the programme on a TV set in a shop window. That is a symbol: the image of life is substituted for life itself. It is possible, with equal success, to show a roll of banknotes to a beggar, a steaming pot roast to a hungry man, and an available job to an unemployed person.

Watching the life of comfortable celebrities, like film stars advertising the finer points of a product, or millionaires, singers and athletes who use their products, the lowliest citizen of Harlem could well entertain the hope that he, too, could be there, given a lucky chance. The simple awareness of the fact that you are watching an advertisement of the same coffee, the same cigarettes, the same neckties which are used by people "up there", goes to reinforce the illusion and fortify the hope that when you suddenly get rich—through a windfall—one fine day, you, too, could be one of *them*.

Illusion is designed to serve a great number of people as compensation for their unsatisfactory or even miserable existence. The man who spends his life in the illusory hope that something remarkable is bound to come up and change his existence is one of the typical products of the capitalist way of life.

The illusion of "chance" is one hundred per cent egocentric, and should essentially destroy any desire to join others in the struggle for changing the conditions of existence. The fostering of egoism, of hostility for everyone around you—the potential rivals for the always expected chance—is one of the supporting elements in the psychological structure of the capitalist society.

No wonder one of the main lines of anti-communist propaganda is scaring the bourgeois philistine with the prospect that under socialism he could not expect any "lucky number" to get rich quick, and so to stand out from the crowd.

Radio, television and cinema advertising operates as a powerful ideological weapon. It injects into the minds of the audience the consumer ideal for which one is to strive, the dream one is to have, the books one is to read, the way one is to behave, the style in which one is to dress, to appoint one's home, to treat one's friends, relatives and neighbours, to react to this or that report of event. The result is a gigantic stereotyping of every aspect of the citizen's everyday life, including his mentality. This is all the more easily and effectively done, considering that the level of per-

¹ See Daniel J. Boorstin. *Democracy and Its Discontents. Reflection on Everyday America*, Random House, New York, 1974, p. 26.

ception of the US TV-viewer is on average equal to that of the 12 to 14-year-old child (according to studies made by US television companies in the late 1970s).

Perhaps in no other country of the world will one find such a wide range of stereotyped reactions to typical situations as in the United States. These reactions are verbal, mimic and psychological. The result is not just man's outward standardisation, but also a stereotyping of his emotions, his thinking and political views.

The power of advertising as an ideological weapon has increased not only because it is being spread by such a mighty mass medium as television, but also because advertising has used the potentialities of television to develop from a business and information factor, as it was in its early days, into a factor which not only informs but also provokes the required emotions. This means that from the purely propagandist instrument it has developed into a sort of art, and that is perfectly true because in some capitalist countries the art of advertising has attained truly eminent heights. Some of the spots on television lasting no more than a minute to advertise, say, a brand of beer, have more art and craftsmanship in them than some full-length feature films.

Advertising has evolved into a short feature-film, a play, a blitz show with all its inherent elements: story, opening, denouement, short dialogue and catchy tune. Such advertising shows are turned out by people who are masters of their trade, first-class directors, composers and well-known actors and actresses. In many of them, the photography and other techniques are flawless.

As the epitome of the consumer society mentality, the new show-like advertising has also influenced many aspects of actual life.

The advertising show has become part and parcel of virtually every aspect of life in the consumer society: not just marketing, but also propaganda, the arts and, of course, politics.

The political advertising show, the creation of a political "image", has become in the latter half of this century, and especially since the 1970s, as habitual as the advertising of any other goods.

The debate over whether it was ethical or not to advertise a political figure, as one would advertise a brand of beer or a bar of soap, was shortlived.

Let us note, however, that there are fairly stringent rules laid down by the law in the marketing of soap (to take an example suggested by bourgeois specialists in political advertising). If such standards (say, harmlessness to man) are breached, the product may be taken off the market. There are laws that relate to advertising as such: the seller has no right to advertise a copper ring as being a gold ring, the penalty for such swindling being a fine or even loss of business.

No such rules apply in the advertising of a political figure. What is more, most voters expect to be duped by the one candidate and by the other. The advertised human and business qualities of a candidate are almost never true, while his electoral promises are not binding in any sense in his future activity.

For most of the population, elections are turned into a loud and entertaining show, a political show, arranged in accordance with all the laws of a theatrical advertising spectacle. The makeup always worn by people who could find themselves in the eye of the TV camera at an unexpected moment (say, when running for all the posts from senator to congressman and president) is a symbol of the whole way of life, and the outcome of the elections largely depends on how the candidate looks on the TV screen, how he behaves, how well his suit is pressed, and what kind of haircut he is wearing.

The US philosopher Barrows Dunham tells in his book *Thinkers and Treasurers* about the effect relations between the "treasurer" (the authority) and the "thinker" (philosophy, politics, ideology) have on the "payer of dues" (the popular masses). The "thinker", generously paid by the "treasurer", spins out theories to convince the "payer of dues" that he has a duty to give up his money to the authorities (leaving aside the case in which the "thinker" sides with the "payer of dues").

It is characteristic that in the 1950s, Dunham chose the term "thinker" to denote the functions of one of the protagonists of his associative history, so obviously stressing the special significance of *argument* in the work of a "treasurer".

If the book were written in the 1970s or today, at the end of the century, the US philosopher would have to call his protagonist *showman* with much greater justification, because *the spectacle, the performance, the show* are now the main elements in the techniques of brainwashing the masses.

6. Mass Culture

Mass culture caters for the interests of the monopolies. It is based on the advertising show to spread the tenets, views and world outlook of the bourgeois society through emotional influence (the sphere of "art").

That is not to say, however, that in this age of a "fatal" combination of the sphere of culture with the latest mass information delivery techniques and spectacles, ideology ceases to exist (as some Western sociologists claim in the light of the theory of convergence between the two systems under the impact of "mass culture"). The simple fact is that the "treasurer" induces the "thinker" to seek new, more effective and more modern forms of work, and so the "thinker" ever more often dons the garb of the showman. What is more, the "treasurer" himself has learned to take part in the show, to build up his own "image", to sustain and develop it.

But have the "treasurer" and the "thinker" working for him ceased to do their main business, once they have learned to sing, to juggle, and ride in the saddle? Ideology has not withered away; indeed, the ideological battle for the minds of men has intensified and has assumed global proportions.

Lenin must have anticipated such a situation, when he wrote: "In politics, it is not so important *who* directly advocates particu-

lar views. What is important is *who stands to gain* from these views."¹

The US historian and journalist Christopher Lasch holds that the US citizen today lives in a technetronic world of images created by photography, motion pictures, television and sophisticated recording devices. "The proliferation of recorded images undermines our sense of reality,"² concludes Christopher Lasch.

"The making of the illusions which flood our experience has become the business of America, some of the most honest and most necessary and most respectable business," says Daniel J. Boorstin. He adds that the United States has become a world of pseudo-events and quasi-information in which there is neither truth nor falsehood, but merely "believability".³

An effective show with the participation of a celebrity is much better suited to the creation of such illusions and myths, which the "treasurer" needs more than a report or an article by the "thinker". Even in the past, the show used to be a prominent element of politics and ideology, but it was always a costly undertaking which could not reach a sizable number of people (in this sense, the publication of a newspaper article was superior). This flaw of spectacle propaganda and political and ideological shows disappeared when television entered the living-room.

When creative endeavor is used to manipulate the human consciousness, there is a process which Bertold Brecht called the "smelting of spiritual values into commodities."

Such "smelting" is exemplified by a novelty introduced in the US book trade in the early 1980s: the sale of authorless books, the sale of reading-matter. Here is how it is done.

A special book department is set up at a store, not necessarily a bookshop, and most often a supermarket selling everything from toothbrushes to encyclopaedias; there is a pile of books printed on paper without covers or titles, and classified under such low-grade heads as "Sex", "Spies", "Crime", "Mysticism", "Aliens", "War", "Horrors", and so on. These books are sold at so much per pound, like nails, or by the number of pages. The spiritual trash releases the author from his responsibility as artist and turns him into an ordinary producer of goods. It is, in effect, a reduction of spiritual food for thought to a category which is much lower, than, say, a cucumber or a head of cabbage, where the buyer can, at least, see the difference between rotten cabbage and fresh cabbage, and where he is sure, the seller can be taken to task for selling bad quality foodstuffs, while the books entail neither guarantee nor responsibility.

Here is another example. "Cheap show" is an expression which

¹ V.I. Lenin, "Who Stands to Gain?", *Collected Works*, Vol. 19, 1980, p. 53.

² See Ch. Lasch, *The Culture of Narcissism. American Life in an Age of Diminishing Expectations*, W.W. Norton & Company Inc., New York, 1978, pp. 47, 48.

³ D.J. Boorstin, *The Image or What Happened to the American Dream*, Atheneum, New York, 1962, pp. 5, 9, 12.

first appeared on US television in the late 1970s, and the “cheapness” was not so much financial as aesthetic, a provocatively low standard of the show being offered to TV viewers. The term was not an accidental one. It was used to designate a line of low-standard, deliberately stupid, vulgar and primitive TV programmes which, it turned out, were more popular among TV viewers than programmes which had any content at all to speak of, and which were up to some kind of aesthetic standard. The term was not used to designate mediocre programmes, motion pictures and stage plays, which were always in great abundance, but up to then such works were regarded as failures, as mediocrities, and so on. Nowadays, the “cheap show” is often produced by highly professional men who deliberately make it provocatively low grade. Nor are such shows designed to shock the public, because the programmes which are plain stupid are highly popular. The authors of these “cheap shows” have no intention of shocking anyone. It is simply that television is trying to cater to the tastes of the spiritually and intellectually primitive viewer. Nor are they mere kitsch, even if it is an imitation with a large dose of bad taste. The “cheap show” makes no attempt to imitate anything; it is something in its own right, a feature of US culture in the 1980s.

Just as in politics public opinion is shaped through the deliberate spread of lies, slanders, fears, etc., and then declared to be an expression of the people’s will, so in art ersatz works are spread by producers among the masses, habituating readers and audiences to the deliberately low standard of taste, which is then declared to be popular, being necessary for the masses, and demanded by the people. That being so, there is no reason to be ashamed of the imitation of art, which in fact needs to be popularised and made to produce as much profit—in terms of cash and ideology—as it will yield.

The boundary lines between “high” and “cheap” art are being increasingly obliterated by commerce. High culture is bent to the purposes of commerce, and it is a process in which the democratic, progressive art existing in the capitalist society is also being involved.

A system in defence of mass culture has been invented to justify the smelting of spiritual values into low-grade goods. One of its theorists, Herbert J. Gans, says that there is no ground at all for criticising popular (i.e., mass) culture, because it does no harm to the people, who prefer it, and does not threaten high culture or the society as a whole. Gans introduces a new term, “taste culture”, in order to obliterate the contrast between “high” and “mass” culture, meaning that it is a culture whose level is determined by the tastes of the consumer.

Culture in the true sense of the word (and it naturally also has its achievements in the capitalist society) is moving away from the people and exerting an ever lesser influence on the society’s spiritual development.

The argument that everyone in the capitalist society can, if he so wishes, imbibe from the source of true culture (libraries, concert

halls, museums, picture galleries) is a tricky and imprecise one because for all the majesty of the Metropolitan Museum and the great skill of some outstanding masters in literature and art in the West, their influence on the people's spiritual education has, in fact, been waning and they themselves look less and less like the tops of mighty icebergs and more and more like frail little boats staying afloat through the whim of chance on the surface of an ocean of spiritual ignorance, self-complacency and lack of taste, celebrating with pomp and circumstance their triumph over the supreme achievements of the human spirit, whose last few summits are about to be submerged by the soap suds of commercial art.

What has happened is, on the whole, a paradox. Despite the fact that at the close of the century literacy in many capitalist countries has reached almost one hundred per cent, the true achievements of culture (literature in the first place) are inaccessible to the masses to an even greater extent than they were (say, at the beginning and middle of the nineteenth century) when the common people were unable to read Pushkin, Tolstoy, Byron, Balzac, Hugo and Dickens simply because they were illiterate.

Today, the people are deprived of genuine culture in other ways: they are being showered with masses of low-grade reading matter and surrounded by low-grade shows, which call for no thinking, which oppress the mind, corrupt the soul, and have only one ultimate purpose—profit.

Culture for the elite and a substitute of it for the masses—such is the view taken by philosophers in the antagonistic society, but this contrast has been less and less meaningful in the recent period. Mass culture increasingly absorbs all the other phenomena of the bourgeois culture, covering the whole structure of the capitalist society, including the Establishment. Bourgeois ideologists increasingly use as their weapon a culture which in their hands is not a field for man's spiritual development but an instrument for manipulating public opinion. The trend towards the creation of a downgraded culture (equally for the masses and for the elite) is a purely bourgeois phenomenon, reducing cultural requirements to cheap consumer entertainment and the artist to the status of just another money-making businessman.

Stage, screen and book serve Big Business to multiply its capital and become subsidiaries of major industrial and financial corporations. It is indicative that many of the Hollywood film studios, for instance, are now owned and run by the major oil corporations, undertakers, garage builders, and the good old mafia.

Great artists and major events in literature and the arts as a rule appear in the capitalist society not because of but in defiance of that society and in conscious or unconscious struggle against it.

There are certainly a democratic culture and elements of a socialist culture in the developed capitalist countries and the LDCs today, but it is now quite clear that the ideologists and leaders of the capitalist society are trying hard not only to keep bourgeois culture dominant but also to spread it as widely as possible.

The powerful latest means of mass communications and indus-

trial production of culture are used to fan out people's consumer attitudes and consolidate an "inverted", dehumanised system of values, to form basic, warped stereotypes of the standard mass consciousness, safe for capitalism, and to promote the demoralisation of the masses.

The interlinks between the "mass culture" and the mass media, these mighty levers for manipulating the mass consciousness, are subordinated to quite specific social goals. The "pop-culture" is not just a product of the consumer society", it is to a large extent the creator of it. Not by chance is it inseparably linked with the market and advertising, forming the "intellectual" requirements of the culture market and advertising its products. It brings even genuine art to the masses in a distorted, debased and primitive form. The "mass culture" is designed for the passive consumption of culture, for the social passivity of people, but, at the same time, it also creates this passivity. It is the offspring of, and adjunct to, the bourgeois, above all the American, way of life.

The strategic task of the "mass culture" is to develop consumer instincts in people to the utmost, to transfer the people's consciousness on to philistine, narrow-minded lines, to emasculate as far as possible the socio-political activity of the mass consciousness, and to divert people from advanced social ideals.

Its social sense consists precisely in establishing a negative hierarchy of values and smothering active social principles. Capitalism strives for the total spiritual and moral degradation of peoples. Fear of the future, of possible social changes has proved so great that the bourgeoisie has committed the worst ever crime in the history of human culture—deliberate actions designed to amputate people's conscience, morals and humanitarianism. The "mass culture" attacks people by dehumanising them, making the "might is right" principle the norm. Over long millennia mankind has covered a tortuous and difficult path, whereas the American mass culture is striving to turn it back. People have for thousands of years built up their culture, have established as norms of behaviour conscience, truth, kindness, justice, sympathy, shame, and love for other human beings. Yet today these eternal values are being trodden into the dirt with satanical hate.

The mass culture speculates on such aspects of the human nature as egoism, an inner lack of culture and ignorance, which Marx said was capable of causing many tragedies. Using people's requirement for leisure and entertainment, the mass culture is oriented on base material principles, on various human weaknesses—primitivism and passivity of spirit, an inability or reluctance to comprehend genuine culture, standardisation of human feelings and human thought, a philistine attitude towards life and the world, a lack of civic conscience, apolitical attitudes and social indifference. It not only feeds on all this, but also deepens, entrenches and consolidates these features.

Bourgeois culture in the developed capitalist countries has explicit global claims and serves as a weapon of ideological and cultural expansion, implanting the stereotypes, values and symbols which go to benefit the ruling class.

15

A HISTORICAL TURNING POINT: THE PRESENT AND THE FUTURE OF CIVILISATION

1. Rapid and Paradoxical Change

Deep, rapid and paradoxical economic, social and political change is the characteristic feature of the capitalist society at the end of this century. Every close student of it is bound to note the fleeting changes from a state of relative stability to acute social instability, instant reversals of political moods and attitudes, and unexpected and almost inexplicable breaks in public consciousness. Historical time is no longer reckoned in centuries, but in decades, each of which presents itself as a peculiar micro-epoch.

Some Western scientists believe that mankind is roughly 600,000 years old. If one were to scale this down to a 60-kilometre marathon race, as the Swiss scientist Gustav Eichelberg has done, the first more or less complex means of production and signs of culture will occur along the 58th and 59th kilometres; agriculture, at the end of the final kilometre; roads paved with flagstones and Roman fortifications, some 200 metres before the finishing line; medieval cities, at 100 metres; kerosene lamps at 10 metres; and only in the final five metres of the race does the runner enter the world of electric lights, neon lamps, automobiles, planes, cameras and television. But of these five metres, the current STR takes up a very tiny fraction.

The accelerated speed of the historical tide tends to distort notions and play tricks with the memory, producing the illusory perception of a long-distant past, which is actually a very recent one. No wonder the period from the 1950s to the 1970s appeared to many bourgeois economists and sociologists as one of economic successes for capitalism, its social stability and a kind of consensus between labour and capital.

The US sociologist Colin Norman, for instance, says that the "nostalgic hope seems to be that the introduction of new technologies will lead the way back to the golden days of the postwar era, when the world economy expanded at a rate that provided a high demand for goods and services, which in turn created mil-

lions of new jobs".¹ But capitalism suffered some sharp breakdowns not only in the mid-1970s and the early 1980s, when it was hit by cyclical and structural crises, mass unemployment, inflation, declining growth rates, and depletion of raw material and energy resources. Such breakdowns made themselves felt in the period of capitalism's so-called boom and manifested themselves in revolutionary upheavals and national cataclysms, triggering off a chain reaction of mass indignation against the joint machinery of power of the monopolies and the capitalist state. These were caused by the rejection of capitalism as a system, the repudiation of the bourgeois way of life and its traditional values and exploiter morality by the front-ranking contingents of the proletariat, left-wing students and progressive intellectuals, and took the form of political crises which erupted suddenly and tempestuously for what appeared to be insignificant causes and motivations. Such breakdowns are evidence of the political instability of capitalism even in its "golden days" of relatively stable economic growth, and not very deep cyclical crises, which were, besides, localised mainly in the United States, Canada and certain other countries, in periods of high individual, production and government demand ensuring the development of production. Lenin says: "Where the objective conditions of a profound political crisis exist, the tiniest conflict seemingly remote from the real breeding-ground of revolution, can be of the most serious importance as the reason, as the last straw."² That is when "what formally may be economically incorrect, may all the same be correct from the point of view of world history",³ an idea formulated by Engels and confirmed by Lenin.

The economic disaster of 1929-1933 and the unusually protracted depression that followed exposed the profound discord between the productive forces and the relations of production under monopoly capitalism and made it imperative for the state to intervene in the economy and the social relations of the capitalist system. But state intervention was then confined to a few individual countries, notably the United States, while only partial, temporary and easily reversible measures were taken in the other countries.

Revolutionary theory has proved and historical practice confirmed that social transformations made imminent by the growth of new productive forces do not occur in an automatic way, and are impossible without social conflicts, class battles, and revolutions in world outlook. In the early postwar period, economic breakdowns were compounded by growing social tensions. The eruption of mass anti-capitalist activity and the growing successes of the national liberation movement forced the capitalist ruling classes not only to effect important economic transformations, but also

¹ See Colin Norman, *The God that Limped. Science and Technology in the Eighties*, W.W. Norton & Company, New York, London, 1981, p. 141.

² V.I. Lenin, "The Assessment of the Present Situation", *Collected Works*, Vol. 15, p. 276.

³ Karl Marx, *The Poverty of Philosophy*, Progress Publishers, Moscow, 1984, p. 13 (Introduction by Frederick Engels).

to satisfy many of the important demands of the working people and of the peoples of the colonial and dependent countries. These were materialised in the growth of monopoly capitalism into state-monopoly capitalism, in the nationalisation of industrial and financial complexes, in the spasmodic expansion of state economic regulation, in the redistribution of large masses of surplus-value through the budget for the maintenance of expanded capitalist reproduction, in the anti-crisis programmes, in the establishment of a social insurance system and other concessions to the working class, and in the switch of imperialist policy from political to economic colonialism.

The postwar period provided definitive confirmation of Lenin's prediction, when he said that "the old capitalism has had its day",¹ and that the capitalist society has entered upon a fundamentally new stage.

2. Tectonic Shifts

In the 1980s, the capitalist society is once again faced with major revolutionary changes in its productive forces. In its zigzag movement, the STR has reached a point beyond which begins a new leap forward.

There is a spate of prognostications and descriptions in the West of the new STR explosion, which is mostly described as the second or third industrial revolution, a structural re-alignment and reindustrialisation, in short, a shedding of the materially and morally obsolete infrastructure, hardware and a great mass of labour-power, and their replacement with new technologies and working people capable of handling them. Amitai Etzioni, the well-known US sociologist and director of the Centre for Political Studies, suggests that the main problem facing the United States is to give its economy a new structure: "We have overburdened our industrial machine, the modern American economy, that previous generations labored to put together."² The US economist M.H. Best wants the creation of "institutions that begin the monumental task of converting the structure of production and patterns of consumption".³

The need for structural reconversion is, of course, recognised by Marxist theorists of the capitalist countries but along totally different economic and social lines. Gil Green, CC member, CP USA, says: "We are not opposed to reindustrialisation *per se*, only to a plan to place the burden of it on the backs of the workers and the people generally. We see reindustrialisation as only one

¹ V.I. Lenin, "Imperialism, The Highest Stage of Capitalism", *Collected Works*, Vol. 22, p. 225.

² Amitai Etzioni, "A Reindustrialisation of America", *Science*, Washington, August 22, 1980, Vol. 209, No. 4459, p. 863

³ M.H. Best, "The Political Economy of Socially Irrational Products", *Cambridge Journal of Economics*, London, 1982, Vol. 6, No. 1, p. 64.

aspect of a much broader plan needed for national renewal and reconstruction."¹

There is now an equally popular exercise in the West involving a quaint blend of retrospects and prospects of history, and a comparison of the avalanche of past and contemporary STR discoveries. Colin Norman says: "The modern era of electronics has ushered in a second industrial revolution... Its impact on society could be even greater than that of the original industrial revolution."² The new spurt in the development of the productive forces is called the third microelectronic revolution by the French economist Michel Albert, who adds: "There we have Europe, the cradle of two industrial revolutions, involving the invention of the steam engine and electricity, and now outstripped in the third, that of electronics, by the United States and Japan."³ He also regards the ongoing changes as a historical break and one of the most profound transformations since the Renaissance.

A widely accepted view, with reference, incidentally, to the Russian economist N.D. Kondratieff, who was one of the first to analyse what he called business cycles of long duration (Kondratieff cycles)⁴ is that the postwar technological tide on the crest of which the capitalist economy has been growing has run its course.

This wide spectrum of contradictory judgements, characteristics and predictions contains some interesting ideas, apt observations and thought-provoking arguments, but most of the ideas expressed by bourgeois economists and sociologists are not altogether free of essential methodological flaws, such as technological determinism and its hyperbolisation, and the urge to give something like a geometrical perfection to the ties between the emerging new productive forces and the incredibly intricate social organism. One is left with the impression that technological laws operate automatically, programming social development like pico-processors.

It is hard to find in the works of Western economists and sociologists any substantiated theoretical analysis of the cardinal, what one could call *tectonic, shifts in the content of national wealth*—the aggregate of all the active and potential means of production and productive forces without exception—which is the basis of any system of production relations, and of the corresponding diverse social and political structures through multivariant and mediated connections. The theories of the post-industrial society in all their versions—from the conservative conformist to the moderately lib-

¹ Gil Green, "Reindustrialisation?", *Political Affairs*, New York, 1980, Vol. 59, No. 10, p. 29.

² Colin Norman, "The New Industrial Revolution: How Microelectronics May Change the Workplace", *Futurist*, Washington, 1981, Vol. 15, No. 1, p. 30.

³ Michel Albert. *Le paris français: le nouveau plein-emploi*, Paris, Editions du Seuil, 1982, p. 33.

⁴ See N.D. Kondratieff and D. Oparin, *Business Cycles of Long Duration*. Reports and discussions at the Institute of Economics, Moscow, 1928 (in Russian).

eral—which were so popular in the West in the late 1960s and early 1970s, likewise failed to provide not just a solution to the problem, but even its more or less exhaustive formulation. Among the basic propositions of the post-industrial theorists there is a statement concerning the faster growth of the non-production sphere and the service sector (which international Marxist thinkers had noted and deeply analysed long before post-industrialism came on the scene);¹ there are also pictures of the West, notably the United States, smoothly gliding—without leaps and even industrial revolutions, to say nothing of social revolutions—into the intellectual technology society, bellicose defence of SMC and the attempts to transfer its model into the coming new millennium, naturally in a camouflaged form.² There is hardly any need to argue that these are no more than palliatives, and nothing like a breakthrough into the future civilisation, but on the contrary, an attempt to fit blocks of it into the edifice of the existing capitalist system.

The preponderance of the non-production over the production sphere, of non-material over material production is a trend that is clearly in evidence (now rapidly, now intermittently and slowly) within the content of the social wealth of the capitalist countries. There has been a steady decline in the postwar period in the share of agriculture, mining, and lately of manufacturing in the economically active and employed population of the developed capitalist countries.

Employment has been most spectacularly curtailed in manufacturing, which until recently appeared to be the sacrosanct zone of material production. The massive use of microprocessors is expected to reduce the labour force employed in manufacturing to no more than 20 per cent of the present figure by the end of the century.

The non-production sphere presents a striking contrast to material production, for employment there has been truly snowballing: in 1980, the share of wage-workers in the services rose to 70.7 per cent in the United States, 58.8 per cent in Japan, 49.8 per cent in the FRG, 58.0 per cent in France, 58.9 per cent in Britain, 47.7 per cent in Italy, and 67.2 per cent in Canada.

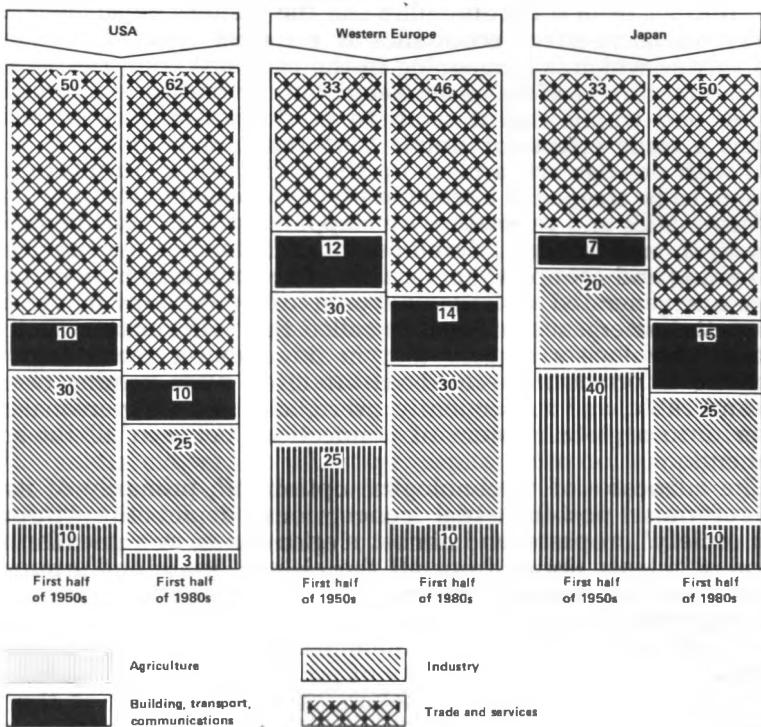
The microprocessor tornado is also bound to hit the service sphere, so making it quite difficult for it to play the part of reservoir of "redundant" labour-power, which it had played over the past several decades. But this process will affect ordinary routine operations based on *experience*, rather than on *creativity*. Meanwhile, intellectual production is inconceivable without a constant improvement of the intellect and development of education, science and culture. Robots, however refined, can never substitute for imaginative work, a capacity which man alone has.

Let us note that the flow of labour resources from the productive

¹ See *The Structure of the Working Class in the Capitalist Countries. International Marxist Discussions*, Peace and Socialism Publishers, Prague, 1962.

² For details see Y.K. Ostrovityanov, "The Post-Industrial Society, or Capitalism in the Year 2000?" *Questions of Philosophy*, No. 7, 1969 (in Russian).

SECTORAL DISTRIBUTION OF ECONOMICALLY ACTIVE POPULATION (per cent)



to the non-productive sphere is evidence of a shrinking share of material production in the economy, and not of its role in the life of society. However the share which material production has in the economically active population may shrink, it will always remain the backbone of the economy, its base and solid mainstay. There is nothing straightforward about the relationships between the material and the non-material spheres, and these involve not only the ousting of one type of production by another according to the number of the employed or some other indicator, but rather a change in the mode of their interaction and complementarity within the overall social reproduction mechanism.

New research and development corporations, science foundations, and think tanks keep emerging, with growing sales and investments. There is a spread in the market of goods like technical projects, "packages" and entire "libraries" of information data, computer software, scientific hypotheses, economic and social recommendations and futurological forecasts. Universities, once non-profit institutions existing on donations and subsidies, have been transformed into high-profit organisations, many of them not only supplying capital with highly trained personnel, but also work-

ing on virtually the same principles as industrial corporations under contract from the monopolies and the military departments.

Psychological-effect economics is a special type of production and service which is burgeoning in the capitalist countries. It is not the commodity itself that is marketed, but the emotions, impressions, desires and whims that it tends to produce. Almighty advertising claims a tonic effect for simple toothpaste, make of car is associated with prestige and a place up the social ladder, furniture—with an urge to be steeped in a selected psychological climate.

Informatics and telematics are stepping up their pace before our very eyes, and the rapid development of industries for the storage, processing and economic application of accumulated human knowledge has generated a veritable boom of predictions in the West about the emergence of what is called the “information society”. Some futurologists suggest that in it computer technology will combine information beamed via satellites, news coming over radio and cable, and subsequently over glass fibre and personal computer, into a global system of connections between all the social segments.

The advocates of “technological optimism”, primarily of its liberal-reformist post-industrial conceptions, depict the “information society” in pastel and almost elegiac tones, as a peculiar incubator of talents drawn from all the classes, strata and groups, an enlightened and humane system run by a science aristocracy of precise knowledge, whose credo is a flawless objectivity of information, high efficiency of economic recommendations, ideological indifference, and social neutrality of political decisions.

By contrast, the Marxists believe that the shaping of the “information society”—if its potentialities can at all be realised under capitalism—is bound to mean downright physical and moral destruction of vast layers of redundant working people, and control of the information media by new capitalist proprietors, those who own the data banks and seek to use the new technology to increase their economic and political power and virtually total control over human behaviour in society, in the workplace and even in the home.

3. The Appropriation of Man

Changes are under way not only in the national wealth. They intrude ever more deeply into the forms of property, the methods of exploitation, the role of the state, and the composition of classes, social strata and groups. It is quite possible, however, that the incipient law-governed uniformities may well grind to a halt and be frozen for a long time. One should not forget that under capitalism laws are tendencies which are realised through their non-realisation.¹ But let us try to sketch out their possible contours, as a first approximation.

¹ See V.I. Lenin, “Once More on the Theory of Realisation”, *Collected Works*, Vol. 4, 1977, p. 77.

In principle, the domination of hardware and technology taking over human properties tends to change the whole face of the economy, the relations between the instruments of labour and man, and his role in social production. Man, to paraphrase an idea of Marx's, ceases to be the chief agent of the production process and comes to stand alongside of it, acting as its controller and regulator, and enriching intellectual and, with it, material production as well.¹

It is hard to imagine that capitalism will be able to withstand the fresh onslaught of the *destructive creativity of the STR*. As Marx put it, "steam, electricity, and the self-acting mule were revolutionists of a rather more dangerous character than even citizens Barbès, Raspail and Blanqui".² But if capitalism does, after all, manage to adapt for a time to the emergent civilisation, it itself will also undergo serious change and may well acquire the features of a special type of new corporatist society in which the working masses are confronted with the combined corporatist form of the power of capital, the state and diverse institutions controlled by the ruling classes. At this stage, capital does not simply appropriate the science of others without remuneration, as it appropriates the labour of others, but it takes hold of it as the most profitable object of investment, seeking to derive maximum profit from the use of intellectual labour. In that case, "it is not direct labour performed by man himself, nor the time in the course of which he works, but the appropriation of his own universal productive force that is the main basis of production and wealth".³

The appropriation of the working person as the universal productive force is the typical mode for the exploitation of intellectual and spiritual production, when the ruling classes take over *human thought, creative and analytical capabilities, intuition and talent*, a form of exploitation which existed in embryonic form at its earlier stages, when the capitalist appropriated the workers' mental capabilities together with their physical efforts. But mental labour was then an insignificant fraction of the unpaid expenditure of labour and physiological effort, and its exploitation did not, as a rule, run beyond the bounds of surplus-time and hardly intruded into man's personal creative life. Today, to say nothing of the future, the control of all the creative potentialities of the individual, of his ability to generate ideas, is one of the most important objectives of capital and a constantly widening area of its expansion and claims.

High-ranking managers of government-owned and private enterprises, associations and institutions, and the owners of law firms

¹ Karl Marx, *Grundrisse der Kritik der politischen Ökonomie* (Rohentwurff), 1857-1858, S. 593.

² Karl Marx, "Speech at the Anniversary of *The People's Paper*", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 14, p. 655.

³ Karl Marx, *Grundrisse der Kritik der politischen Ökonomie* (Rohentwurff), 1857-1858, S. 593.

exploit great masses of office workers, clerks and junior managerial personnel. The magnates of the mass media and the film industry extract vast profits from the constant mental tension of those who work in the press, on radio and television, and who are often deprived of the right to sign their names to their product. The owners of publishing houses and theatres, which have long since been restructured according to the image and likeness of capitalist enterprises, have even converted man's capacity for self-expression into a means for the self-expansion of capital.

The situation is especially complicated in science and education, the leading objects and subjects of intellectual and spiritual production. Marx once remarked on the "*monstrous disproportion* between expended labour-time and its products" in science, mankind's active, creative and universal productive force.¹ The high salaries available for scientific research in the capitalist society fall short of compensating the mental efforts of rank-and-file scientists which they expend on the receipt, analysis and summing-up of a vast flow of information which is transformed in their heads into abstractions, recommendations and projects.

The schoolmaster's lot is a very hard one. Marx called him a productive labourer who "works like a horse to enrich the school proprietor".² The schoolmaster's working conditions are often intolerable, his wages low, and his working time virtually unlimited.

The appropriation of man's universal productive force is intertwined with *alienation*, a phenomenon analysed by Hegel and given a materialist interpretation by Marx. It signifies the separation of man's activity from his own person, and its transmutation into an independent and hostile force, which is no longer subject to his will, is not subordinate to him, but dominates him, produces totally unexpected and unpredictable results, and acquires an independent and often destructive logic of its own. All things—scientific discoveries, inspired insights, literary and artistic masterpieces—are turned into commodities.

In contrast to property in the means of production, the appropriation of the human creative intellect does not entail any visible or tangible forms, to say nothing of juridical ones. But however whimsical a form property may acquire under capitalism, its social nature remains unchanged, and it is always designed to ensure the economic and political domination of capital and the capitalist state.

The contours of capital's all-pervasive control over the working masses through a multi-layered system of subordinate institutions are already in evidence in some capitalist countries. What is more, it is already becoming a kind of scientific stereotype and a cliche of the everyday consciousness having currency on the pages of the mass publications and many sociological works. One of the numerous examples is offered by a book by William G. Scott and David K. Hart, which is an odd mix of scraps of Marxist propositions, John K.

¹ *Ibid.*

² Karl Marx, *Capital*, Vol. I, p. 477.

Galbraith's technostructure ideas, sharp criticism of capitalist institutions and a sense of depression in the face of their economic and political might. They say that major institutions in the United States are the dominant economic and social reality consolidating within their framework economic and political power, and constituting managerial systems employing universal methods of control over human behaviour. They are positive that "...the principles and practices of the modern organisation have pervaded every nook and cranny of American life—to such an extent that whoever controls modern organisations controls the nation."¹

Such a system is a milestone on the way leading straight to totalitarianism, which Scott and Hart do not reduce to dictatorial regimes, but regard in a broader light, as the subordination of human behaviour to the norms of technologically developed organisational systems. But whatever sociologists may say, of course, the so-called technological imperative does not at all rule out either mounting pressure from the state, or psychological pressure from the ruling classes, strata and elites, skilfully combining a repressive tolerance (to use a term coined by the utopian critic of capitalism Herbert Marcuse) and overt political violence and arbitrary acts.

But even now US institutions, Scott and Hart assume, are synonymous with the social hierarchy, with the managerial elite established at the top, a technical core—scientists, engineers and professionals responsible for the functioning of technical systems—in the middle, and the rank-and-file members of organisations at the bottom. They believe the way out lies in a close alliance of rank-and-file citizens and professionals, and in their joint struggle for the transformation of the United States and its institutions. They refer to Marx (whom they believe to have identified the capacity for running the society and the ability to manage production) and want the professionals—the new proletariat of the developed technological society—to give a lead in this alliance.

The main flaw of their book is that the organisations they analyse are not actually specified and are set apart from capital and its concrete embodiment—the private and state capitalist corporations—which stems from the authors' adherence to the theory of an organised capitalism. At the same time, if not entirely aware of the new phenomena in economic and social life, they seem to sense their existence, particularly in the class structure of the contemporary capitalist system.

Scientific and technical progress in its capitalist form is now taking control over a new social continent: science, culture and the arts. It converts the well-educated intellectual into a narrow professional acting in his narrow and isolated cell, so splitting up the intelligentsia, one of whose parts joins the ruling class, and the other constitutes the proletariat of mental labour or goes down to the bottom to become a social outcast. The exploiter class already in-

¹ W.G. Scott, D.K. Hart, *Organisational America*, Houghton Mifflin Comp., Boston, 1979, p. 24.

cludes in its structure not only the monopoly bourgeoisie, but also the state bureaucracy, the technocratic elite, the scientific establishment, and the top executives of every type of corporation, from the traditional industrial corporation to the scientific and specific institutions for controlling public opinion.

The composition of the oppressed class is likewise diverse. It consists of the industrial, engineering, technical, commercial, office, administrative and intellectual proletariat, of the proletarians of culture and the arts, ensuring the self-expansion of capital. In this wide social spectrum, the intellectual proletariat has a special significance, for it is employed in fulfilling the orders coming from above and taking narrowly specialised decisions. There is also a sharp change in the character of education. Capitalism seeks to give the elite access to the highest knowledge, while holding out to the lower orders a truncated, curtailed, amputated education.

These processes may well be further developed in the future, putting the monopolistic and bureaucratic magnates at the top of the social pyramid, and the oppressed and deprived mental-labour proletariat—at the bottom. On the whole, this sketches out a picture of a specific type of bureaucratic system which was described by Marx: “The bureaucracy is a circle from which no one can escape. Its hierarchy is a *hierarchy of knowledge*. The top entrusts the understanding of details to the lower levels, whilst the lower levels credit the top with an understanding of the general, and so all are mutually deceived.”¹

An entire historical epoch lies between the Prussian bureaucracy at the dawn of capitalism, which Marx described, and the new, capitalist bureaucracy, but the vast distinctions in educational standards, character of activity and methods and techniques of management do not exclude continuity defined by a community of status, a peculiarity of the place occupied by the bureaucracy on the social ladder of this system. The bureaucracy today, zealously protecting the interests of capital and pervading the capitalist society from top to bottom—from the industrial and research corporation to the governmental machinery—is even more inclined to masquerade as an average dynamic group in possession of precise knowledge and prepared to assume the role of independent thinkers and class umpires who alone are capable of voicing the general goals of the state, system and nation.

The bureaucracy strives to clothe their own specific and egoistical interests, such as the striving for control and power, and through these for property, in the garb of class indifference and a general and abstract national will opposed both to the claims of its rivals from the ranks of the traditional bourgeoisie and to the social demands of the working people. “The ‘general interest’ can maintain itself against the particular as ‘something particular’ only so long as the particular maintains itself against the general as ‘so-

¹ Karl Marx, “Contribution to the Critique of Hegel’s Philosophy of Law”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, pp. 46-47.

mething general'. The bureaucracy must therefore, protect the *imaginary generality* of the particular interest, the spirit of the corporations."¹

4. *Squall of Contradictory Assessments*

Complete reorganisation and restructuring of the old technological basis and the break-up of the established and habitual economic and social structures cannot be expressed in the capitalist society otherwise than as a *deepening of the general crisis of capitalism*. It is the impulse and catalyst of the world-outlook crisis, the general mental ferment, the wandering of human thought. A squall of contradictory assessments, judgements and predictions has rolled across the Western society.

Neo-conservative champions of the existing capitalist society as a rule determine their stand by pragmatism, the current situation and tactics, instead of economic and social strategy. That is why neo-conservatives have so sharply criticised some forms of SMC and have tried to recarve it on the old model, backing up their theory and practice with the harsh realities of the capitalist society: the decline in the growth of labour productivity, the falling competitiveness, the reduction in savings and investments, the need to halt the tides of inflation, and even the sway of the government bureaucracy.

These obvious facts are differently imprinted on the social consciousness, producing incompatible reactions, emotions and moods. There is an objective and subjective aberration of consciousness, the substitution of hasty conclusions and all manner of versions for an analysis of the true causes of the incurable diseases of the capitalist economy, and spasmodic attempts to right the situation. Among the neo-conservatives, these have developed into a growing discontent with the public sector, the profit tax, the social security expenditures, outlays on environmental protection, support for employment, unemployment benefits, indicative planning, and diverse forms of governmental control. Nobel Prize-winning economist James Tobin says: "What is occurring today is a concerted campaign to exploit popular discontent with inflation to reduce the relative size of the public sector and to reverse the income redistribution effected by government taxes and transfers."² That was the origin of the neo-conservative idea of dismantling the public sector and letting loose the forces of competition.

Neo-conservatism has made inroads into the social consciousness, infecting the middle and petty bourgeoisie with its moods, penetrating into the ranks of the intelligentsia, infiltrating the working-class movement and so damping down the mass anti-capitalist protest. Its success was due to the dislike for the massive expansion

¹ *Ibid.*, p. 46.

² James Tobin, *Stabilisation Policy Ten Years After. Brookings Papers on Economic Activity*, The Brookings Institution, Washington, D.C., No. 1, 1980, p. 57.

sion of the capitalist state into the economy and social relations. Middle and small business are fearful of an ultimate merger of the state and the monopolies and a consummation of their alliance. The same apprehensions beset the intelligentsia, which has forebodings about its own eventual decline to the level of an intellectual and administrative proletariat in the service of capital and the state.

But behind all these reactions is the presentiment, often instinctive, of the danger of capitalism creeping into a special neo-corporatist phase, dooming the Western society to blanket bureaucratisation, with an almighty bureaucrat-state at the head. This presentiment has been growing. It stimulated the temporary success of neo-conservatism which speculated on cathwords about economic and individual freedom, but it is also rallied and drew in the struggle against the conservatives radical sociologists and economists, left-wing Keynesians and Social Democrats, and members of the alternative movement, who propose their own, largely (and regrettably) utopian solutions for overcoming the structural and ecological crisis. But their works often contain correct diagnoses and the most general sketches or, conversely, much-too-detailed presentations of the social consequences of scientific and technical progress.

Radical US economist Manuel Castells has written on the need for a complete transformation or reorganisation of production, distribution, management and the existing social organisations and institutions, declaring the United States to be the detonator of the crisis, for it has spread the crisis to the whole of the capitalist system through its worldwide economic ties.¹

Left-wing British economist John Harrison has produced an unusual, controversial but highly interesting analysis of the economic policy of Margaret Thatcher, and, one could say of the whole of neo-conservatism. He says the policy is an experiment whose final results are not yet clear for the time being, but already he calls it "a kind of upper-class Luddism", "Keynesianism in reverse", namely, management of demand to create mass unemployment, and the government's urge to deliberately provoke situations of crisis, since crises under capitalism are a form in which the productive forces develop. The Thatcher government, says Harrison, has offered a radical and fairly simple alternative, which lies in a tough deflationary policy and the creation of an economic situation in which only firms capable of raising productivity and competitiveness could survive.

Fear, the motive force of the British version of neo-conservatism, is forcing management to improve labour organisation and intensify production, the only positive result being some rise in labour productivity achieved through intensification and the bankruptcy of inefficient firms. But intensification is reversible, and fear—impermanent.

¹ See Manuel Castells, *The Economic Crisis and the American Society*, Princeton University Press, 1980, XI, p. 8.

Sociological pessimism and the alternative movement have a place apart within this inconceivable confusion of views and opinions. The boundaries between them are vague, the world-outlook distinctions uncertain, and their composition—an amorphous mosaic. One member of the alternative movement says that romantics and utopians, progressives and reactionaries, dogmatists and liberals, protectors of nature and animals, apostles of health, separatists, student organisations, opponents of bureaucracy, and objectors to any use of nuclear energy, even in power plants, will find a foot of their spiritual native land in their midst.¹

The natural fear at the prospect of a merger of Big Business, Big State and Big Science tends to produce almost incredible conceptual combinations and a proximity of views voiced by people of opposite political orientations all of whom reject interference in their life by big social institutions and demand local self-administration, political acts that people can understand, and a return from the modern division of labour to the creative craftsmanship of the past, put forward abstract projects for universal equality and brotherhood, and seek a way out in what they call ecological and post-industrial socialism. But fear is also transformed into visions of a phantasmagorical world in which all its elements—from the productive force to the mass consciousness—are inexorably drawn to a single field of forces with a murderous cataclysm at its epicentre. The well-known personalist and neo-anarchist Denis de Rougemont suggested that it would not be described even by the handful of eyewitnesses who survived. There would be no audience. History would be cut short, and with it would come to an end the stories of human civilisation.² His view is echoed by Professor of Theology G. Alther of Heidelberg, who quotes Erich Fromm and Martin Heidegger, and writes about the unconscious necrophilia of the technical civilisation and the uncontrollable destructive force latent in modern technology.³

The apocalyptic feelings and expectations of Doomsday, which in the fevered imagination of the sociological pessimists are substitutes for a succession of civilisations, erupt in the form of the most diverse moods and attitudes: visions of a return to some idealised Middle Ages and attempts to shut oneself in isolation in self-sufficient communities. The French sociologist Edgar Morin says in an introduction to *The Myth of Development* that the future means either a renaissance or a catastrophe for mankind, two poles between which lies a phase of a planetary Middle Ages which has already begun. It has a rigid order dictated by inexorable apparatuses and combined with a non-creative disorder, in which the

¹ See W. Schlaffke. *Abseits: Die Alternativen.—Irrweg oder neue Weltkultur*, Köln Deutscher Instituts-Verlag, GmbH, 1979, S. 29-30.

² See Denis de Rougemont, *L'avenir est notre affaire*, Editions Stock, Paris, 1977, p. 357.

³ See G. Alther. "Verdrängung der Verte". In: *Die tägliche Revolution: Möglichkeiten des Alternativen Lebens in unserem Alltag*, Frankfurt am Main, 1978, S. 41-52.

"civilised" rules are dissolved.¹ Dan T. Moore, Jr. asserts that mankind will slip into the status of a slave democracy like Athens, waited on hand and foot by electromechanical slaves. As a result, the history wheel will jam forever on democracy.²

Communes, peculiar microcosms in the economic and social macrocosm, or cells and niches in the capitalist society, are another idea which continues to be popular. They look like a haven for all those who are disappointed with the industrial capitalist giant, as a sanctuary from its mad pace, conflicts and intolerable social tensions.

Sociological pessimism and the alternative movements are much too diverse and contradictory to be described in simple terms. Some of their branches are patently reactionary, others—utopian and unrealistic, a symptom of despair, instead of strength. Marxism brushes off the utopias of the outgoing classes who hope to find salvation by conserving the existing system or retreating to obsolete modes of production. It strives to provide a realistic basis for the fantasies which vaguely and unconsciously express the incredible difficulties society faces in dealing with radical progressive changes. It makes a critical analysis of the complex ways of formation of the new contingents of the working class capable, in the era of the STR, of realising this revolutionary historic mission.

The left wing of the alternative movement should undoubtedly be credited with an active struggle for peace and for rescuing mankind from global nuclear death, with numerous civic peace initiatives and a sharp critique of capitalism. Its main objectives are to assert in public opinion the need to repudiate the technical aggression against Nature, the basis of human life, to set up anti-capitalist local associations ruling out man's exploitation by man, and to search for new ways to satisfy mankind's material and spiritual requirements. These objectives are humanitarian and in general terms coincide with the democratic projection of the future which the Communists also support. But for the Communists these are not an end in itself, but merely a means of transition to the advanced social system, the necessary boundary line at which "consistent democracy, on the one hand, is *transformed* into socialism, and on the other, *demands* socialism."³

The Communists' structural reconversion programmes resolutely reject the plans and practices of effecting it at the expense of the working masses. They have consistently opposed the lowering of corporation taxes, cutbacks in social benefits and services, reductions in real wages, curtailment of environmental protection and the safeguarding of the workers' health and safety programmes and advocate sanctions against companies polluting air,

¹ See *Le mythe du développement*, Paris, Editions du Seul, 1977, pp. 259-260.

² See D. T. Moore, "Will Robots Save Democracy?", *Futurist*, Washington, 1981, Vol. 15, No. 4, p. 19.

³ V. I. Lenin, "The State and Revolution", *Collected Works*, Vol. 25, 1977, p. 457.

water and soil, all the way to the confiscation of their property. Among the planks of their programmes are re-industrialisation funded from corporate profits, nationalisation of energy industries, a say for the working people in investment policy, the clearance of slums and expansion of trade with the socialist countries. Re-industrialisation funded from military budgets is the keynote of these programmes.

Marxists lay emphasis on the social aspects of the STR. In the capitalist society, microelectronics increase the worker's alienation from the object of his labour and his isolation from his class comrades. The power of capital keeps growing, and control of the working people is becoming all-pervasive, striving to suppress their capacity for resistance. The Italian Marxist Giovan Battista Gerace says: "The latest informatics and office mechanisation facilities offer employers potentialities for controlling the labour process of which they could not even dream in the past."¹ The speed with which information is transmitted and processed by means of computers is a powerful weapon in the hands of its owners for consolidating their rule in the economy and the society.

5. *The Hard Road of Revolution*

Revolutionary theory is not a fruit of armchair reflection. It is a generalisation of practice, a projector of the proletariat's strategy and tactics, their compass and guiding light. The strength, might and viability of the Marxist-Leninist theory lie in creativity and ceaseless renewal, and in the immense sensitivity to new phenomena and processes. Dogmatism, stagnation of thought, "arid botanising" are its implacable enemies.² It shuns any mechanical transfer of what used to be correct decisions to new historical situations. That is a feature of Marxism-Leninism which puts a vast responsibility on collective world Marxist-Leninist thinking in an epoch in which everything is subjected to change: social wealth, the productive forces, and the relations of production, forms and methods of the class struggle, its impulses and motive forces. "The sum-total of these changes in all their ramifications in the capitalist world economy could not be grasped even by seventy Marxes. The most important thing is that the *laws* of these changes have been discovered, that the *objective* logic of these changes and of their historical development has in its chief and basic features been disclosed."³

The working people's social requirements have changed beyond recognition at the turn of the century. They now include not just high wages, but the need for creativity, for satisfaction with one's

¹ G. B. Gerace, "Informatica e tecnologie associate", *Critica Marxista*, Roma, 1982, No. 5, pp. 7-14.

² Frederick Engels, "The Condition of England", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 444.

³ V. I. Lenin, "Materialism and Empirio-Criticism", *Collected Works*, Vol. 14, 1977, p. 325.

work, for self-expression in one's production and intellectual activity.

The proletariat's psycho-physical disposition has also changed. The ecological crisis, the threat of a thermonuclear war, the megapolises created by capitalism produce stress and mental disorders and deprive the proletarians of the possibility of restoring their labour-power. The *poverty of the working class* once used to be the impediment to restoring its capacity for labour, but nowadays it is the *whole of capitalist civilisation*, a blend of a relatively high standard of living and an abundance of goods with shrinking natural resources of human life.

The dual oppression of exploitation and alienation, the systematic suppression of the individual, of his professional and human capabilities, and the impossibility to control the production process and satisfy the new requirements—all of that adds up to the real (even if not always realised) cause behind the economic struggle by the working class for higher wages and a larger share in consumption. However, that is not the primitive economism of the early years of the century, but a new response to the modern methods by which labour is dehumanised.

On the threshold of the 21st century, Marx has been definitively vindicated in his prediction that "with the development of capitalist production all the *services* are turned into *wage-labour* and all the people providing them, into *wage-workers*.¹" The numerical preponderance of the proletarians in non-material production objectively turns the proletarians engaged in non-material production into a great social force, and the role of leader in the revolutionary movement is assigned by history itself to the proletariat employed at the nerve centres of capitalist production. It is potentially charged with an explosive revolutionary energy, which will impart to the anti-capitalist movement a truly invincible might, once it breaks out into the wide expanses of history.

The revolutionary activity of the anti-capitalist movement is stimulated by the mounting danger of mankind's destruction, instant destruction in a blinding nuclear tornado, or a slow death from ecological spasm. The reactionary version of re-industrialisation is based on a ruthless plunder of the non-renewable natural resources, the systematic mortification of nature that signifies an end to history, which, says Marx, "is a *real* part of *natural history*—of nature developing into man".²

The objective trends in the development of capitalism today enlarge the mass social base of the anti-capitalist movement, the revolutionary activity of whose participants is stimulated by the mounting danger of human civilisation being annihilated in a nuclear cataclysm or through an ecological run-down of the globe.

All of that enhances the role of the communist parties and

¹ Karl Marx and Frederick Engels, *Collected Works*, Vol. 49, Politizdat, Moscow 1974, p. 97 (in Russian).

² Karl Marx, "Economic and Philosophic Manuscripts of 1844", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, pp. 303-04.

creates the prospect for the involvement of the overwhelming majority of the population in coalition which cannot be resisted either by monopoly capital, the state bureaucracy, the mandarins of science, or the magnates of the mass media and communications. *Today, the emancipation of the proletariat is not merely the emancipation of mankind, but also its salvation.*

But the new potentialities of the revolutionary process do not remove its growing difficulties. The discrepancy between the objective and the subjective prerequisites of socialist revolution is one of the most formidable problems for the international working-class movement, and it consists in particular, in that the consciousness of a sizable part of the working people in the West, on whom history has itself placed the mission of ending man's exploitation by man and creating a new social system, often lags behind the objective processes developing within the entrails of the capitalist society. Capitalism has moved beyond the barrier at which its own negation begins, an objective refutation of the principles of the capitalist economy, the system of exploitation, the bourgeois way of life, and the hierarchy of its values and priorities. *The emergent civilisation is the antithesis of capitalism, its opponent and antagonist.*

But it would be a gross mistake to underestimate the military strength of imperialism, its aggressiveness, its experience in social manoeuvring, the cosmopolitan solidarity of the bourgeoisie in the fight against socialism and the liberation movements, its growing resolve to act together in extinguishing the fires of revolution which keep breaking out in various parts of the globe, and to join in overcoming the difficulties in the capitalist economy. In our epoch, there is clear evidence of "the general alliance of the imperialists of all countries, forming the basis of the economic alliance of capitalism, an alliance whose natural and inevitable aim is to defend capital, which recognises no fatherland.¹"

The STR is materialised in the West not just in mind-boggling discoveries but also in the powerful attack both against the revolutionary-minded masses and the human individual, posing a threat to the very foundation of his freedom and conscious choice of his own destiny. Sociologists from governmental agencies and semi-official research corporations use the latest mathematical formalism and computers to analyse and refine the techniques of propaganda and mass manipulation, study the motivations of the masses' social behaviour, and use fine-tuned psycho-technical methods to govern their tastes, inclinations, political and even physiological requirements. They also use for their own interests the deep changes in the structure of the working class, above all the growth of the intellectual proletariat. These exercises are aimed to set one contingent of the working class against another, and make them clash over their not-yet-identical interests, views, and incentives in life and work.

¹ V. I. Lenin, "Report on Foreign Policy Delivered at a Joint Meeting of the All-Russia Central Executive Committee and the Moscow Soviet, May 14, 1918", *Collected Works*, Vol. 27, p. 366.

The conversion of a majority of the population into intellectual proletarians contains both a positive effect and losses for the anti-capitalist struggle. With a few exceptions, they are still unaware of their objective class status, of their true allies and enemies, and keep casting about between the extremes of indignation and depression, protest and hopelessness, dreams of revolutionary cataclysms and fear of the difficulties in building a new social system. The formation of new contingents of the proletariat inevitably involves the process of declassing, a process which affects those strata in the capitalist society, whose representatives are cast overboard by the computerisation of mental and manual labour.

Complicated and contradictory processes are also under way within the traditional contingents of the working class. Some of them, particularly in the USA, under the influence of reactionary trade unions, have travelled the way back from the "class for itself" to the "class in itself". In general terms, this is expressed in political indifference, in a retreat into the narrow world of economic and personal interests, and in a weakening of the national and international solidarity of the working class.

But this tilt to the right by some backward strata of the working class in the Western society is unstable and temporary, and it is rooted in the nationalist hysteria which dooms the working-class movement to divisions, flabbiness and weakness. If these trends were to develop, the working-class movement would lose not only its offensive spirit, but also its capacity to resist, and would fall victim to arbitrary rule by capital and the government bureaucracy.

There is no doubt that an awareness of this danger multiplied by the terrible threat of thermonuclear extinction will dispel the mesmerism of chauvinism, lead the strata of the working people infected with it from their social anabiosis and restore them to their social activity. Nor is that a remote prospect, but an already rapidly developing process of a resurgence of anti-capitalist attitudes. Old anti-war movements are gathering momentum and new ones emerging, and they are bound sooner or later to merge with the struggle against imperialism.

The revolutionary process has become much more complicated, but complexity does not imply weakness. *New and wide horizons open up before the revolution—in peaceful and non-peaceful forms.*

The role of existing socialism in the world revolutionary process is invaluable. It is now the material and ideological mainstay of all the liberation movements, the shield safeguarding the world from a thermonuclear catastrophe, the pilot scheme for the search of ways leading to a classless society, and in future—the communist civilisation.

A new historical time-scale was ushered in by the Great October Socialist Revolution in 1917. The ideals of the best minds, which once appeared to be mere utopias, were first gradually realised in the USSR, which blazed the trail to socialism. Soviet democracy of the people and for the people, the involvement of the working class and the peasantry in running the state, the national economy and the society, implacable criticism and self-criticism of

shortcomings, and unusually bold economic and political experiments focussed the attention of forward-looking world opinion. The socialist revolution was also popular because it took place in Russia with its diversity, extremes, and contradictions, ranging from the antagonisms of the advanced capitalist states to the specific social relations in the colonial and dependent periphery. All of that went to enhance the international resonance of the October Revolution.

The rout of German nazism and Japanese militarism, and the formation of the world socialist system further increased the influence of socialism on the world revolutionary process. Without the support of socialism it is impossible to imagine the victory of the national liberation revolutions, the break-up of the colonial system, the social gains of the international working-class movement, and the radical change in the balance of forces between progress and reaction on the political map of the world.

Socialism, especially that in the Soviet Union, has had to stand up for itself in life-and-death battles, to build itself in a ring of economic blockade, and to develop in a tight capitalist encirclement. In defence of the revolution, socialism was forced to resort to weapons, to build up a powerful defence industry, to develop new weapons and to divert for that purpose resources earmarked for developing a harmonious and free human society.

But even in peacetime, socialism has felt the pressure of the capitalist encirclement. This is one of major reasons for many of our shortcomings and difficulties.

Marxists do not deny that contradictions exist in socialism itself, but they are non-antagonistic. Like every other social organism, socialism is developing in struggle between the new and the old, between constructive and negative tendencies, between boldness and conservatism, innovation and bureaucratic practices. The contradictions and their resolution, "a break in gradual evolution" is the mainspring of every movement in Nature and the society.

It is perfectly obvious that the transformation of the technical basis of socialist production is the very opposite of capitalist re-industrialisation. The purpose of socialist reorganisation of the productive forces is to gradually release man from the routine of the production process and monotonous operations. Automation of production, computers, robots, and flexible technology, which makes it possible to reorient industry towards new types of products, do not lead to unemployment or greater social differentiation, and do not obscure the human factor, the working people's knowledge and interests.

The strategy of accelerating economic and social development, formulated at the April 1985 Plenary Meeting of the CPSU Central Committee, is designed for a qualitative transformation of every aspect of life in the Soviet society. First of all, there is to be a drastic renewal of the material and technical facilities on the basis of STR achievements. But, as the CC Political Report to the 27th Congress of the CPSU stressed, acceleration "is not confined to changes in the economic field. It envisages an active social policy, a

consistent emphasis on the principle of socialist justice.¹" Success in fulfilling these tasks depends primarily on the activation of the human factor, on the democratism of the socialist system, the need for whose all-round development was stressed at the January 1987 Plenary Meeting of the CPSU Central Committee.

The firm, balanced and steady advance of socialism towards the communist society is bound to amplify the power of example set by the new social system and turn it into a magnet attracting all the anti-capitalist forces. But it goes without saying that the growing influence of socialism alone does not eliminate the difficulties and contradictions of the contemporary revolutionary process.

The proletariat's revolutionary consciousness does not grow automatically, but is prepared by the Marxist-Leninist theory and purposeful activity of the communist parties, which carry the revolutionary consciousness into the masses, and educate and organise the political army of the revolution—a mobile, flexible army skilfully reckoning with any nuance of the social situation, while being consistent, committed and capable of not substituting tactical considerations for the fundamental ideological principles of Marxism-Leninism.

That is a task which tends to be made both easier and more difficult in this period of ideological crisis which has gripped the Western society. The profound disappointment with the conceptions, practical recommendations and futurological projects, offered by bourgeois sociologists and economists, has produced in the West a heightened interest in Marxism. Representatives of the most diverse theoretical trends, old and new scientific and pseudo-scientific schools, turned to Marxism. The destructive effects of the neo-conservative domestic and foreign policy reanimated the attraction towards Marx and a desire to find in his writings answers to questions about the present and future of mankind.

The interest in Marx is multi-faceted, dialectic and contradictory. Because such interest has also grown on the part of non-proletarian strata, it is fraught with the danger of serious distortions of the Marxist-Leninist theory, of dogmatic and revisionist distortions. But one other thing is also quite clear: the massive spread of Marxism, no matter how it may be blunted and twisted, helps to form the mass revolutionary ideology.

The society in which the main wealth is the harmoniously developed, well-educated individual who has attained the highest levels of culture, is equivalent to communism, as Marx and Engels saw it. The author of *Capital* says: "What is wealth if not the absolute unfolding of man's creative abilities, without any precondition other than the preceding historical development, which makes the totality of this development—i.e., the development of all the human powers as such, not measured by any previously given yardstick—an end-in-itself, through which he does not reproduce himself in any specific character, but produces his totality and does not seek to remain something he has already become, but is in the

¹ Mikhail Gorbachev, *Political Report...*, p. 26.

absolute movement of becoming.”¹

The absolute movement of man's formation is the uninterrupted development of the individual, his creative enrichment and constant self-renewal. *The development of the individual is infinite, as infinite as the self-improvement of the communist system.* In the world communist community, the realm of freedom “lies beyond the sphere of actual material production”,² ceases to be dictated by external expediency and becomes an inexorable inner requirement. It is not merely the complete economic and political emancipation of the individual, but the elimination of every type of alienation, including the confrontation between technical facilities and Nature, a confrontation which still remains in the mature socialist society. In the communist society, Marx's idea that man is the substance of all the social formations presenting themselves as his “*actual generality*”³ becomes a reality.

The ideal of communism is not a disconnection between the individual and the society which is characteristic of capitalism, but their complementarity and organic blend. Man gains an ever deeper knowledge of himself, transforming his own forces into social forces, without separating them from itself in the form of an independent political power.⁴

Reduction of working time and extension of disposable time for the individual's development is one of the most important goals of the communist society, but in contrast to the sociological pessimists and members of the alternative movement, Marxism does not separate production activity from leisure, and does not even allow of the possibility of the purposeless waste of leisure time, useless dissipation and irrational, harmful inactivity. Marx regarded leisure, or disposable, time, i.e., the time necessary for developing the human personality, as the greatest productive force. He says: “From the standpoint of the immediate production process, it can be considered as the production of *fixed capital*, this fixed capital being man himself.”⁵ The space of disposable time is a *higher activity*, an incentive for bringing out all of man's capacities, and stimulating his intellectual and spiritual growth. The renewed individual returns to production, which for the developing man becomes a *school of discipline*, and for the developed man—an object for the application of knowledge, a *creative experimental science*.⁶

Such, in their most concise and general exposition, are certain features of the future communist civilisation. Of course, theo-

¹ Karl Marx and Frederick Engels, *Collected Works*, Vol. 28, 1986, pp. 411-12.

² Karl Marx, *Capital*, Vol. III, p. 820.

³ Karl Marx, “Contribution to the Critique of Hegel's Philosophy of Law”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 39.

⁴ Karl Marx, “On the Jewish Question”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 3, p. 168.

⁵ Karl Marx, “Economic Manuscripts of 1857-58”, in: Karl Marx and Frederick Engels, *Collected Works*, Vol. 29, 1987, p. 97.

⁶ See *Ibid.*

retical abstractions can give only an approximate idea of the society of the future. Only practice, the working people's historical creativity can help to paint over white spots on the Marxist theoretical map of the communist civilisation. One thing is clear: communism is not a paradise. It is a living and developing society, with its own contradictions and problems which will be steadily overcome in the course of its historical movement.

But the way to the communist civilisation, as has been repeatedly stressed, is not a slow or gradual creeping of capitalism into a new society, but ever greater revolutionary tension, the involvement of ever larger historically active masses¹ in the orbit of revolution, proletarian solidarity and the realisation by all the contingents of the proletariat of their objective class condition and their ever firmer will to wrest political power from the grip of capital.

There is the view in the West that the threat of nuclear war rules out the possibility of revolutionary class struggle. In actual fact, the threat fortifies it. The proletariat's struggle against the use of nuclear weapons and for peaceful coexistence is one of the most important reserves of the revolutionary process. In an atmosphere of a struggle, the working people are released from the nationalistic hypnosis, find it easier to escape from the web of capitalist manipulation, more clearly understand their class interests, and distinguish real enemies from alleged ones. The forms of revolution may change in this age of thermonuclear energy, microchips, and the information explosion. What remains unchanged is the creative method of the Marxist-Leninist theory and practice. *Revolutions were, are and will remain the locomotives of history and the motors of social progress.*

Revolutionary changes are necessary not only for breaking down the integrated machinery of the power of the capitalist state, transnational capital and the international MIC. They transform the proletariat's own consciousness, cleansing and renewing it. "The revolution is necessary, therefore, not only because the *ruling* class cannot be overthrown in any other way, but also because the class *overthrowing* it can only in a revolution succeed in ridding itself of all the muck of ages and become fitted to found society anew."² Marx said there was a need to prepare the proletariat for a resolute campaign against the bourgeoisie's political and economic power, and to induce it through constant agitation to take up a hostile stand with respect to the ruling classes. "Otherwise, it remains a plaything in their hands"³.

Lenin likewise emphasised that the "proletariat ... is not free

¹ See Karl Marx and Frederick Engels, "The Holy Family", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 4, p. 82; V. I. Lenin, "From a Publicist's Diary", *Collected Works*, Vol. 36, 1971, p. 462.

² Karl Marx and Frederick Engels, "The German Ideology", in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 5, p. 53.

³ "Marx to Friedrich Bolte in New York, November 23, 1871", in: Karl Marx and Frederick Engels, *Selected Correspondence*, p. 255.

from the shortcomings and weaknesses of capitalist society”,¹ which it overcomes in the struggle for socialism.

The proletarian revolution is a genuine (not invented) dialectic of action, critique of critique, and comprehension and correction of its mistakes. “Proletarian revolutions ... criticise themselves constantly, interrupt themselves continually in their own course, come back to the apparently accomplished in order to begin it afresh, deride with unmerciful thoroughness the inadequacies, weaknesses and paltrinesses of their first attempts, seem to throw down their adversary only in order that he may draw new strength from the earth and rise again, more gigantic, before them, and recoil again and again from the indefinite prodigiousness of their own aims, until a situation has been created which makes all turning back impossible.”²

In this age of economic and other crises and the lethal danger of thermonuclear war, the ways for turning back tend to become ever more narrow. The choice set by history itself before the proletariat and the peoples of the world is either oppression and possible annihilation of mankind, or its salvation and entry upon a genuinely humanistic communist society. In the century ahead, human hopes will increasingly be pinned on the proletariat’s resolve to prevent capitalism from taking over the achievements of human civilisation. Awareness of its responsibility, which is bound sooner or later to make headway through the thick layer of misconceptions, prejudices and imposed misinterpretation of the world and its future, will help the proletariat to become fully aware of its objective historical mission, awakening its inexhaustible forces and reinforcing its will to emancipate itself together with the rest of mankind.

The CPSU’s point of departure is that “...the main trend of struggle in contemporary conditions consists in creating worthy, truly human material and spiritual conditions of life for all nations, ensuring that our planet should be habitable, and in cultivating a caring attitude towards its riches, especially to man himself—the greatest treasure and all his potentials.”³ In the final account, the struggle for man is the decisive sphere of socialism’s competition with the capitalist system.

At the end of the 20th century, life provides convincing demonstrations that the new civilisation is incompatible with capitalism, that it is opposed to it, and is striving to escape from its shackles. But it is not a Marxist tradition to predict exact dates or concrete forms for the collapse of capitalism, or to portray in detail the future. That will be accomplished through the practical activities of new generations, who will have to complete the building of the world communist society.

¹ V. I. Lenin, “Eighth Congress of the R.C.P. (B)”, *Collected Works*, Vol. 29, p. 208.

² Karl Marx, “The Eighteenth Brumaire of Louis Bonaparte”, in: Karl Marx, Frederick Engels, *Collected Works*, Vol. 11, Moscow, 1979, pp. 106-107.

³ Mikhail Gorbachev, *Political Report...*, p. 24.

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